

# *Microeconomics*

## **Contents:**

### **1. Introduction (chapter 1 - TB)**

- Microeconomics v macroeconomics
- Individual behaviour v. market mechanism
- Market Definition
- Real v Nominal Prices

### **2. The basics of Supply and Demand (chapter 2 - TB)**

- Supply and Demand
- The Supply Curve
- The Demand Curve
- Substitute and Complementary Goods
- Market Equilibrium
- Changes in Market Equilibrium
- Elasticities of Supply and Demand
- Price Elasticity of Demand
- Income Elasticity of Demand
- Cross-Price Elasticity of Demand

### **3. Consumer Behaviour (chapter 3 - TB)**

- Consumer Preferences
- Budget Constraints
- Consumer Choices
- Basic Assumptions about Preferences
- Indifference Curves
- The Marginal Rate of Substitution
- Utility Function
- The Consumer Problem

### **4. Individual and Market Demand (chapter 4 - TB)**

- Individual Demand
- Price-Consumption Curve
- Individual Demand Curve
- Income-Consumption Curve

Normal v Inferior Goods

Income and Substitution Effects

Market Demand

From Individual to Market Demand

The Market Demand Curve

Elasticity of Demand

Consumer Surplus and Demand

## **5. Production. An Introduction (chapter 6 - TB)**

The Technology of Production

Factors of Production (Labour and Capital)

The Production Function

The Short Run v the Long Run

Production with one Variable Input (Labour)

Average and Marginal Products

The Law of Diminishing Marginal Returns

Production with two Variable Inputs

Isoquants

Substitution among Inputs

Marginal Rate of Technical Substitution

Returns to Scale

Increasing Returns to Scale

Decreasing Returns to Scale

## **Assessment:**

1st option: Resolution of a set of problems.

2nd option: to write a report about the concepts proposed at the syllabus.

This report must include definitions, graphical presentation when needed and

exemplifications. It must not have more than 15 pp, TR characters, double space.

Delivery deadline: last week of June.

## References:

Pindyck S., Robert and Daniel L. Rubinfeld, Microeconomics, 2009, 7th Edition, Pearson International Edition, London. (TB)

## Notes:

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