

Module description

Microeconomics

Prerequisite	Basics in mathematics.
Teaching methods	Lecture
Learning target	After completing the module, students should be able to <ul style="list-style-type: none"> ■ Understand that economics is about the allocation of scarce resources, that scarcity forces choices and that every choice has an opportunity cost. ■ Understand how comparative advantage provides the basis for gains through trade. ■ List the determinants of the demand and supply for a good in a competitive market and explain how demand and supply together determine equilibrium price. ■ Understand the role of prices in allocating scarce resources in market economies and explain the consequences of government price controls. ■ Understand the costs of production and how profit-maximizing firms determine how much to produce. Be able to distinguish between long-run decisions and short-run decisions. ■ Distinguish between perfect competition and imperfect competition and be able to explain the welfare loss in non-competitive markets. ■ Understand the interdependence of market structure and firm behavior in specific industries.
Duration	1 Semester
Hours per week	2.0
Overview	<ul style="list-style-type: none"> ■ Classes: 22,5 h ■ Individual/ Group work: 67,5 h <hr/> <ul style="list-style-type: none"> ■ Workload: 90 h
Credits and grades	Written exam (60 min). The module grade is factored in 4/90 in the final grade.
ECTS	3.0
Responsible person	Prof. Dr. Hans-Jörg Weiß
Max. participants	20
Recommended semester	1
Frequency	Annually (ws)
Usability	The content of the module can also be used for the University's own part-time program "General Management".

Lectures

Microeconomics

Type Lecture

Nr. IBC-02-01

Hours 2.0
per week

Lecture contents Microeconomics is about the allocation of scarce resources. Its analytical starting point is the behavior of individual economic units. These units include consumers, workers, investors, owners of land, business firms etc. More generally, any individual or entity that plays a role in the functioning of our economy can be the subject of microeconomic analysis. Microeconomics explains how and why these units make economic decisions.

Another important concern of microeconomics is how economic units interact to form larger entities, especially markets and industries. By studying the behavior

and interaction of individual firms and consumers, microeconomics reveals the determinants of equilibrium market prices and quantities, how industries and markets evolve, why they differ from one another, and how they are affected by government policies and global economic conditions.

The lecture contains an introduction into a part of microeconomics called industrial organization. This is the study of how market performance in a specific industry depends on market structure and market conduct. For example, industrial organization addresses the question, how the number of firms affects pricing decisions of individual firms and the efficiency of the overall outcome.

The lecture is divided into three parts:

Part A Introduction

- 1 Ten Principles of Economics
- 2 Thinking Like an Economist
- 3 Interdependence and the Gains from Trade

Part B Supply and Demand

- 4 The Market Forces of Supply and Demand
- 5 Elasticity and Its Application
- 6 Supply, Demand and Government Policies
- 7 Consumers, Producers and the Efficiency of Markets

Part C Firm Behavior and the Organization of Industry

- 8 The Costs of Production
- 9 Firms in Competitive Markets
- 10 Monopoly
- 11 Monopolistic Competition
- 12 Oligopoly

Literature Mankiw, N. Gregory/Taylor, Mark P. (2011), *Microeconomics*, Second Edition, Cengage Learning.

Pindyck, Robert S./Rubinfeld, Daniel L. (2013), *Microeconomics*, Eighth Edition, Pearson Education.

A comprehensive set of lecture slides will be provided.