Economics 1 A20030 Course Description

Prof. Anna Della Valle

TA Andrea Venegoni

Winter/Spring 2019

**Course Description:** This course gives students a sound foundation in microeconomic theory and its applications. In doing so, the course seeks to help students develop a clear, useful and open-minded way of thinking about microeconomic concepts.

Students completing this course will learn:

1. The fundamental principles and theories of microeconomic analysis
2. Application of those theories through problem solving using algebraic, geometric and graphing tools.
3. Presentation and discussion of real world applications of microeconomic theories to market structure, firm strategies and public policy matters.

**Course Content:**

The course will cover the main areas of microeconomic theory:

1. Key economic concepts: opportunity cost, incentives, marginal analysis
2. How markets work: the demand supply model, market equilibrium, elasticity, economic welfare, impact of price ceilings/floors, subsidies, taxation on the market outcome
3. An introduction to theory of the firm, producer and consumer theory
4. The 5 market models
5. Rationale for and forms of government intervention into markets

The course will make *extensive use of real-world examples* to illustrate and analyze these theories and their applications, including:

* Estimating elasticity of demand in the US cigarette market
* Effect of OPEC cartel strategy on profitability in the world oil market
* Prices that are “too low”: agricultural subsidies and the WTO debate.
* Zegna, Ferrero, Armani and Illy’s decision to remain privately held
* Game theory applied to the movie industry: from phenomenal success to huge losses
* US and EU price fixing cases: vitamins, beer, flat screens.
* Antitrust: Microsoft, Intel suits
* Italian privatization in the 1990s: from telecom to tomatoes

**Course materials:**

**Textbook:** N. Gregory Mankiw and Mark P. Taylor, *Microeconomics*, 4th edition, 2017, Cengage Learning[[1]](#footnote-1). Earlier editions also fine.

**Posted materials:** In addition to the assigned chapters in the textbook, students are required to read the *lecture notes, lecture slides*, *sample problems, newspaper and journal articles, data and video links* posted on the My LIUC website for this course in a timely manner in order to participate actively in class dialogue and debate.

Course Prerequisites: This is an introductory course in microeconomics and requires no prior background in economics. However, enrollment in the course requires the following basic math prerequisites: computational skills, basic algebra (solving linear equations), geometry (areas of simple geometric figures) and graphing skills (plotting linear equations, finding intercepts, calculating slopes). To this end, students enrolled in Economics I are required to enroll in and successfully complete *Mathematics for Business, Economics and Finance* A86003.

Course lectures and tutorials: The course will follow a lecture + tutorial format. Each week will include a 3 hour class lecture conducted by Prof. Della Valle + 1.5 hour class tutorial conducted by our TA Andrea Venegoni. The purpose of the tutorial is to review the current week’s lecture material, solve sample problems and answer students’ questions.

Course grading:

**Weekly problem sets 20%:** Problems sets will be assigned each week to help students review and practice the current week’s lecture material. Problem sets are due *promptly* at the beginning of class a week after they are assigned and should be handed in to the teaching assistant for grading. Problem sets handed in late will not be graded. Answers to the problem sets will be posted on the My LIUC website on the due date.

**Midterm exam 40%:** The midterm exam will be held during class time on Wednesday April 10 and will cover the material from the first half of the course.

**Final exam 40%:** The final exam will cover material from the second half of the course.

**Schedule:**

Lectures: Wednesday 10-13

Tutorials: Thursday 14-15:30

The last lecture prior to the final and tutorials prior to midterm and final exam will be longer.

**Office hours**

Prof. Della Valle: Wednesday 13-14; Andrea Venegoni: Friday 14-15:30

**Email:**

adellavalle@liuc.it; avenegoni@liuc.it

**Attending students:**

**Attending students are strongly urged to take the *final exam* (covering the second part of the course) on the first available exam date following the end of classes (primo appello) when all of the course material is fresh in their minds but may choose to take the exam on the second available exam date (secondo appello). Beyond those dates, students who have not completed the course requirements will have to take a *total exam* covering *all* *the course material* and worth 80% of the course grade. Note: if a student takes the final exam in primo appello they cannot retake it in secondo appello. They will have to take the total exam beyond the first appello date.**

**Non attending students:**

Due to the nature and structure of this course, students are *strongly discouraged* from following this course if they cannot attend classes. That said, non-attending will be required to take a three-hour non-attending student exam which will be based on comprehensive knowledge of the following:

1. All of the material (lecture slides, notes, problem sets and readings) posted on MY LIUC for the course.

2. The contents of the textbook chapters indicated in the course syllabus.

3. Ability to argue and discuss real world applications of microeconomic theory through case studies and examples.

The exam for non-attending students will be in the form of a 3 hour written exam. The professor may choose to also conduct an oral examination to further assess the student’s preparation and knowledge.

**Note:** Almost all second year erasmus programs abroadrequire successful completion of Microeconomics 1 as a *prerequisite* in order to enroll and follow their courses.

1. There seem to be many different editions available in the EU. It can be ordered via Amazon or other on-line platforms, directly from the Italian distributor via email commerciale@edizionunicopli.it or the e version from the editor [www.cengagebrain.co.uk](http://www.cengagebrain.co.uk/). For orders from distributor or editor refer to ISBN No :9781473725393 [↑](#footnote-ref-1)