



APPLIES TO ACADEMIC YEAR 2009/2010

## EXC 2407 Microeconomics

### Programme

Bachelor in Business Administration (2. year)

### Responsible for the course

### Department

Department of Economics

### Term

According to study plan

### ECTS Credits

6

### Language of instruction

English

### Introduction

Microeconomics deals with the behaviour of individual economic units, such as consumers, workers, investors, owners of land and business firms. Microeconomics explains how these units make economic decisions. Another important concern of microeconomics is how these economic units interact in markets and industries.

### Objective

The purpose of the course is to train students in the systematic analysis of consumer and firm behaviour in various market situations. The course also analyzes the efficiency of resource use given different market forms (perfect competition, monopoly, oligopoly).

### Prerequisites

EXC 2610 Mathematics or equivalent.

EXC 2407 Microeconomics is the standard introductory course in microeconomics. Algebra and elementary calculus are required as a background for students taking this course - up to and including partial derivatives. The reasoning in the course is based on graphs and standard optimization problems, where the Lagrangian technique is mentioned. We try to develop both intuition and technical skills in the course. The exam contains more formal optimization problems than is customary in a standard course at "principles" level at a US university.

### Compulsory reading

#### Books:

Pindyck, Robert S. and Daniel L. Rubinfeld. 2009. Microeconomics. 7th ed. Upper Saddle River, N.J.: Pearson Prentice Hall. (Selected parts)

### Recommended reading

### Course outline

1. Introduction to Microeconomic Analysis
2. Demand, supply and market equilibrium
3. Consumer Behavior
  - The budget constraint and consumer preferences
  - Effects of changes in price and income levels
  - Demand functions and elasticities
4. Firm behavior
  - Production theory
  - The optimal use of input factors
  - The cost of production
  - The profit objective
5. Market theory
  - Perfect competition
  - Effects of taxation
  - Monopoly
  - Oligopoly

- Game theory
6. Market forms and resource allocation.

**Computer-based tools**

None

**Course structure**

The course is based on 36 lecture hours.

**Examination**

A five-hour individual written examination concludes the course.

**Exam code(s)**

EXC 24071 - Written exam accounts for 100% of the final grade in the course EXC 2407 Microeconomics, 6 credits.

**Examination support materials**

BI-approved exam calculator. Exam aids at written examinations are explained under exam information in our web-based Student handbook. Please note use of calculator and dictionary. <http://www.bi.edu/studenthandbook/examaids>

**Re-sit examination**

A re-sit is held in at the next scheduled exam in the course.

**Additional information**

Due to changes in our Bachelor Programmes from autumn 2009, there also will be changes in every single course.

This course will be lectured for the last time spring 2010. Re-sit exam will be offered every term even spring 2012.