

UNIVERSITY OF ECONOMICS - VARNA
FACULTY OF FINANCE AND ACCOUNTING
DEPARTMENT OF GENERAL ECONOMIC THEORY

Adopted by the FC (record №11/25.04.2024)

Adopted by the DC (record №11/09.04.2024)

ACCEPTED BY:

Dean:

(Assoc. Prof. Daniela Georgieva,
PhD)

SYLLABUS

SUBJECT: MICROECONOMICS

DEGREE PROGRAMME: For all programs taught in English; BACHELOR'S DEGREE

YEAR OF STUDY: 1; SEMESTER: 1

TOTAL STUDENT WORKLOAD: 270 hours; incl. curricular 75 hours

CREDITS: 9

DISTRIBUTION OF STUDENT WORKLOAD ACCORDING TO THE CURRICULUM

<i>TYPE OF STUDY HOURS</i>	WORKLOAD, hours	TEACHING HOURS PER WEEK, hours
CURRICULAR: incl. <ul style="list-style-type: none">• LECTURES• SEMINARS / LAB. EXERCISES	45 30	3 2
EXTRACURRICULAR	195	-

Prepared by:

1.
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2.
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I. ANNOTATION

Microeconomics deals with the mechanism of efficient distribution of scarce resources to satisfy public needs. It studies the behavior of microeconomic entities: households and firms and how they interact on markets. Therefore, microeconomics can be briefly defined as the theory of the market and prices. The main sections of the course cover the theory of consumer choice, theory of the firm (production), theory of the market and pricing in different market structures, as well as markets for production factors, economic inequality, and market failure.

Building knowledge and understanding. *Microeconomics is the theoretical and methodological basis of the system of economic knowledge. It introduces students to the fundamental question of the functioning mechanism of the market economy, the role and functions of the market, its advantages, but also limitations. The course is fundamental to the formation of the economic way of thinking, in which the concept of rationality, efficiency and opportunity costs play a central role. It lays the foundations for further economic and business courses such as macroeconomics, finance, and marketing.*

Application of knowledge and skills. *The course provides methodological and theoretical preparation, skills, and attitudes for using scientific methods in the analysis and management of economic processes at the household, company, and market level. It provides knowledge and forms analytical skills for evaluating consumer behavior, for the effectiveness of the company and markets.*

Formation of new skills. *Microeconomics forms an adequate orientation of future economists and managers in the market environment. Building abilities for independent theoretical thinking, students who have successfully completed the course not only expand and enrich their general economic understanding, but have a foundation that allows them to comprehend and apply the economic approach to specific economic and business situations. After completing the course, students should be able to: (1) theoretically understand the functions of the market in a market economy; (2) to model the optimization behavior of the main economic actors; (3) form a realistic assessment of the role of the market, taking into account both its advantages and its disadvantages; (4) to distinguish the main types of market structures and to know well the peculiarities of pricing in each of them; (5) distinguish product from factor markets and know the specifics of the latter.*

Key competencies. *The course develops two key competencies: mathematical and entrepreneurial. Mathematical competence is developed by applying mathematical thinking and tools to solve various problems in economic situations. Mathematical literacy is further developed through the study of formal microeconomic models that are applied to specific economic and business problems. Entrepreneurial competence is developed through the application of economic models to solve strategic and operational business problems. One of the main methods of training, developing both competencies, is solving specific tasks and cases, including with practical data.*

II. THEMATIC CONTENT

No.	TITLE OF THEME AND SUBTOPICS	NUMBER OF HOURS		
		L	S	L.E.
THEME 1. INTRODUCTION TO ECONOMICS.		3	2	
1.1	Subject of economics: scarcity, choice, and opportunity cost.			
1.2	Production possibilities frontier.			
1.3	Methodology and toolkit of economics.			
THEME 2. MAJOR PROBLEMS OF SOCIETY'S ECONOMIC		2		

ORGANISATION.				
2.1	Three basic problems: what, how and for whom. Types of economic systems.			
2.2	Genesis and development of the market economy.			
2.3	Definition and basic notions of the market. Classification of markets.			
2.4	Circular-flow model of society's income and expenditures.			
THEME 3. DEMAND, SUPPLY, MARKET EQUILIBRIUM.		4	4	
3.1	Market demand: definition and factors. Law of demand.			
3.2	Market supply: definition. Price and non-price factors. Law of supply.			
3.3	Interaction between demand and supply and market equilibrium. Comparative static analysis.			
3.4.	Applications of the market theory: taxes, subsidies, and market equilibrium. Government regulation of markets.			
THEME 4. ELASTICITY OF DEMAND AND SUPPLY.		3	2	
4.1	Price elasticity of demand: definition and measurement. Factors. Meaning. Other types of elasticity of demand.			
4.2	Price elasticity of supply. Role of time as a factor.			
4.3	Elasticity of supply and market equilibrium.			
THEME 5. DEMAND, UTILITY AND CONSUMER BEHAVIOR.		3	2	
5.1	Utility theory. Total and marginal utility. Law of diminishing marginal utility			
5.2	Cardinal utility approach and derivation of the demand curve.			
5.4	Consumer surplus. Consumer equilibrium condition.			
THEME 6. FIRM AND FIRM STRUCTURES.		2		
6.1	Definition and economic function of the firm.			
6.2	Types of firms.			
6.3	Assumptions of the theory of the firm.			
THEME 7. PRODUCTION THEORY AND MARGINAL PRODUCT.		3	2	
7.1	Production function of the firm. Decision time frames.			
7.2	Total product and average product.			
7.3	Marginal product and diminishing marginal returns.			
7.4	Production optimization in the short-run.			
THEME 8. REVENUE AND COSTS OF THE FIRM.		4	4	
8.1	Firm's revenue and revenue types.			
8.2	Characteristics and classification of production costs. Economic costs.			
8.3	Cost minimization in the short-run.			
8.4	Firm's cost in the long-run.			

THEME 9. MARKETS UNDER PERFECT COMPETITION.		3	2	
9.1	Market structure: concept and types.			
9.2	Market structure under perfect competition.			
9.3	Firm supply in perfect competition.			
9.4	Industry supply curve.			
9.5	The market under perfect competition in its fullness. Perfect competition and efficiency.			
THEME 10. IMPERFECT COMPETITION. PURE MONOPOLY.		3	2	
10.1	Imperfect competition: definition, causes and measures.			
10.2	Market structure under pure monopoly.			
10.3	Monopoly equilibrium. The social cost of monopoly.			
10.4	Price discrimination.			
THEME 11. IMPERFECT COMPETITION: MONOPOLISTIC COMPETITION AND OLIGOPOLY.		3	2	
11.1	Market structure under monopolistic competition.			
11.2	Short run and long run firm equilibrium under monopolistic competition.			
11.3	Market structure under oligopoly.			
11.4	Firm behavior in collusive and non-collusive oligopoly. Oligopoly and efficiency.			
THEME 12. LABOR MARKET AND LABOR INCOME.		3	2	
12.1	Labor as a production factor.			
12.2	Labor demand and supply curves.			
12.3	Perfectly competitive labor market.			
12.4	Labor market under imperfect competition.			
THEME 13. RENT, INTEREST PROFIT AND CAPITALISATION OF INCOME.		3	2	
12.1	Pricing of factors with constant supply. Rent and rent income.			
12.2	Characteristics of capital. Marginal effectiveness of capital.			
12.3	Present and future value of money. Demand and supply of money and equilibrium interest rate.			
12.4	Profit and sources of profit.			
THEME 14. DISTRIBUTION AND INCOME: INEQUALITY AND POVERTY.		3	2	
13.1	Market determination of income and inequality. Sources of inequality. Measures.			
13.2	Poverty – definition, characteristics, and limits.			
13.3	Government regulation of inequality and poverty.			
14.4	Efficiency and inequality.			
THEME 15. MARKET DEFECTS AND THE ECONOMIC ROLE OF THE STATE.		3	2	
14.1	Market defects: definition and types.			

14.2	Regulation of market defects: direct and indirect.			
14.3	Economic functions of the state. Tools.			
14.4	Public choice theory. Defects of government intervention in the economy.			
	Total:	45	30	

III. FORMS OF CONTROL:

№	TYPE AND FORM OF CONTROL	Number	extracurricular, hours
1.	Midterm control		
1.1.	Midterm test, incl. multiple-choice questions, problems solving, short questions	2	50
1.2.	Practice tests (incl. via eLearn)	3	50
1.3.	problems solving, case discussions	1	20
	Total midterm control:	6	120
2.	Final term control		
2.1.	Examination (test)	1	75
	Total final term control:	1	75
	Total for all types of control:	7	195

IV. LITERATURE

REQUIRED (BASIC) LITERATURE:

1. Parkin, M. (2023) *Economics*. 14th Global Edition. Pearson Education Limited.
2. Parkin, M. (2019) *Microeconomics*. Pearson Education Limited. (Signature in the library of UE-Varna: C 7760)

RECOMMENDED (ADDITIONAL) LITERATURE:

1. Goolsbee, A., Levitt, S., Syverson, C. (2023) *Microeconomics*. Macmillan Education.
2. Krugman, P., Wells, R. (2024) *Economics*. Macmillan Learning.
3. Mankiw, G. (2023) *Principles of Microeconomics*. Cengage.
4. Mateer, D., Coppock, L. (2023) *Principles of Economics*. W.W. Norton.
5. Varian, H., Melitz, M. (2024) *Intermediate Microeconomics: A Modern Approach*. W.W. Norton.
6. Mihaylova, S. (2023) *Foreign Affiliates versus Domestic Firms in the Information and Communication Services Sector in Central and Eastern Europe*. Bulgarian Economic Papers BEP 2023-04. Center for Economic Theories and Policies, Sofia University St. Kliment Ohridski.
7. Mihaylova, S. (2023) *Wage Inequality in Bulgaria: Decomposition by Economic Sectors, Occupational Groups and Districts*. Bulgarian Economic Papers BEP 2023-05. Center for Economic Theories and Policies, Sofia University St. Kliment Ohridski.

8. Todorov, A. (2023) *Rule of Law and Large Firms Concentration in Southeast Europe*. Bulgarian Economic Papers BEP-2023-06. Center for Economic Theories and Policies, Sofia University St. Kliment Ohridski.
9. Todorov, A. (2016) Assessing Competition in the Bulgarian Insurance Industry: A Panzar-Rosse Approach. *International Journal of Economics and Financial Issues* 6(3), 872 - 879.
10. Todorov, V. (2020) Public Expenditure and Environmental Policy. In: *Economic Science, Education and the Real Economy: Development and Interactions in the Digital Age*, Varna: Science and Economic Publ. House, Vol. 2, pp. 707–715.