

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

Adopted by the FC (record №/ date):

Adopted by the DC (record №/ date): №7/18.02.2020

ACCEPTED BY:

Dean:

(Assoc. Prof. Hr. Blagoycheva, 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 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.
(Prof. Zoya Mladenova, PhD)

2.
(Assoc. Prof. Kaloyan Kolev, PhD)

Head of department:
of General Economic Theory (Assoc. Prof. Hristo Mavrov, PhD)

I. ANNOTATION

Microeconomics deals with the mechanism of allocation of scarce resources to meet society's needs on the principles of optimality, equivalence and mutual benefit. It studies the behavior of microeconomic entities: households and businesses and how they interact in markets. Therefore, Microeconomics can be briefly defined as the theory of the market and pricing.

Main topics of the course are: theory of consumer choice, theory of the firm (production), theory of the market and the pricing in different market structures, theory of distribution and income. The course includes the problem of efficiency, equity and social justice as well as the defects of the market mechanism and economic role of the state.

Learning aims: *As part of the general economic theory (Economics), Microeconomics is theoretical and methodological basis of the system of economic knowledge. It introduces students to the fundamental question of the mechanism of functioning of the market economy, the role and functions of the market, its advantages and limitations. The course is fundamental for the formation of economic thinking, to which the concepts of rationality, efficiency and opportunity costs are central. Not least, it lays the groundwork and the formation of economic vocabulary of the students.*

Learning outcomes: *After studying this course, students will be able:*

- *to reflect theoretically the market functions in a market economy;*
- *to use the concept of market equilibrium as the methodological basis for the study and analysis of the market economy;*
- *to be able to model behavior optimization based on the target orientation of the main economic actors;*
- *to form a realistic assessment of the role of the market taking into account both its advantages and its disadvantages;*
- *to be able to argue in terms of economic logic need for state intervention in the economy;*
- *to distinguish the main types of market structures and know well the specifics of pricing in each of them;*
- *to distinguish the product of factor markets and to know the specifics of the latter;*
- *to be able to illustrate all theoretical relation-ships studied in microeconomics with practical examples.*

II. THEMATIC CONTENT

No.	TITLE OF THEME AND SUBTOPICS	NUMBER OF HOURS		
		L	S	L.E.
THEME 1. SUBJECT AND METHOD OF ECONOMIC		3	4	
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 ORGANISATION		2		
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	2	
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.			
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.			
4.4	Applications of the market theory: taxes, subsidies and market equilibrium. Government regulation of markets.			
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. Consumer surplus. Consumer equilibrium condition.			
5.3	Ordinal approach to consumer choice. Indifference curves and budget restriction.			
5.4	Derivation of the demand curve. Income effect and substitution effect.			
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.			
7.2	Production optimization in the short run.			
7.3	Production in the long-run: isoquant-isocost approach			
THEME 8. REVENUE AND COSTS OF THE FIRM		3	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	4	
9.1	Market structure under perfect competition.			
9.2	Firm supply in perfect competition.			

9.3	Industry supply curve.			
9.4	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		2		
13.1	Pricing of factors with constant supply. Rent and rent income.			
13.2	Characteristics of capital. Marginal effectiveness of capital.			
13.3	Present and future value of money. Demand and supply of money and equilibrium interest rate.			
13.4	Profit and sources of profit.			
THEME 14. DISTRIBUTION AND INCOME: INEQUALITY AND POVERTY		3	2	
14.1	Market determination of income and inequality. Sources of inequality. Measures.			
14.2	Poverty – definition, characteristics and limits.			
14.3	Government regulation of inequality and poverty.			
14.4	Efficiency and inequality.			
THEME 15. MARKET DEFECTS AND THE ECONOMIC ROLE OF THE STATE		3	2	
15.1	Market defects: definition and types.			
15.2	Regulation of market defects: direct and indirect.			
15.3	Economic functions of the state. Tools.			
15.4	Public choice theory. Defects of government intervention in the economy.			

THEME 16. MARKET EQUILIBRIUM, EFFICIENCY AND SOCIAL WELFARE		2		
16.1	Welfare economics. Pareto optimality.			
16.2	Condition for optimal distribution of production factors. Edgeworth-Bowley diagram.			
16.3	Condition for optimal distribution of consumer goods.			
16.4	Simultaneous equilibrium in production, consumption and exchange.			
16.5	Theorems of welfare economics.			
Total:		45	30	

III. FORMS OF CONTROL:

No.	TYPE AND FORM OF CONTROL	Number	Extra-curricular, hours
1.	Midterm control		
1.1.	Midterm test, incl. multiple-choice questions, true/false questions problems solving, short questions.	2	60
1.2.	Practice tests, problems solving, case discussions etc.	10	60
	Total midterm control:	12	120
2.	Final term control		
2.1.	Examination (test)	1	75
	Total final term control:	1	75
	Total for all types of control:	13	195

IV. LITERATURE

REQUIRED (BASIC) LITERATURE:

1. Parkin, M., Microeconomics (13th Edition), Pearson Education, 2018
2. Mankiw, G., Principles of Microeconomics (9th Edition), Cengage Learning, 2020

RECOMMENDED (ADDITIONAL) LITERATURE:

1. Case, K., Fair, R., Oster, Sh., Principles of Microeconomics, Global Edition (13th Edition), Pearson Education, 2019.
2. McConnell, C., Brue, S., Flynn, S., Microeconomics (21st Edition), McGraw-Hill Series: Economics, McGraw-Hill Education, 2017
3. Krugman, P., Wells, R., Microeconomics (5th Edition), Worth Publishers, 2017