

Course Name:	Introductory Microeconomics
Course Code	ECB1101
Credit Units	4
Contact Hrs.	60

Lecture Days:

Thursday: 3 – 5 Pm;

Friday: 1 – 3 Pm.

Lecturers:

Dr. Vincent Patsy Katutsi; Tel: 0776200123; email: vkatutsi@mubs.ac.ug

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Course Description

Economics offers unique insights into the study of human behavior. Perhaps nowhere is this better illustrated than in microeconomics, broadly defined. The bedrock assumption in microeconomics assumption is that economic agents seek to maximize their wellbeing, subject to whatever constraints are placed upon them. In mathematical terms, individuals and firms have objective functions that are optimized subject to constraints. This means that individuals seek to maximize their utility subject to prevailing prices and income, and firms seek to maximize profits. This is price theory. This course introduces students to basic economic concepts and methods of analysis thereby enabling them to understand and use economic arguments in business decision making. As a preparatory course for Microeconomics in Year II and Intermediate Microeconomics in Year III, it builds the students' knowledge of how households and firms make decisions, allocate scarce resources, face trade-offs, in light of government regulations because of market failures due to externality, public goods, and informational problems.

Course Objectives

The main objective of this course is to provide the students with basic but clear understandings of principles of microeconomics and their application in a real world context. Specifically, the course is to:

- Provide students with basic understanding of the economic theory that can be used in decision making process
- Equip students with basic economics concepts as a foundation for courses in subsequent levels/years of study.
- Provide a good understanding of micro economic concepts and tools that has direct policy and business applications.

Learning Outcomes

Upon successful completion of the requirements for this course, students will be able to:

- Explain the principles that underpin modern economics.
- Demonstrate an understanding of the way budget constrained individuals make optimizing choices and the way resources are allocated in private markets.
- Assess the likely impact of different market structures on the prices and quantities traded in these markets.
- Evaluate the effects of government interventions and other exogenous changes in markets using economic principles.
- Present clearly written analysis of economic issues and problems.

Course Content

No.	Topic	Sub-Topics	Duration
1	Overview of Microeconomics	<ul style="list-style-type: none">• Nature and scope of Economics• Branches of economics (microeconomics & macroeconomics).• Positive vs. Normative economics• Fundamental economic concerns• Scarcity, Choice and Opportunity cost• Resources, technology and the Production Possibility Frontier• Expanding the production possibilities• Economic systems	1 week (4 hours)

2	Demand and Supply Analysis	<ul style="list-style-type: none"> • Demand and the Law of demand. • Determinants of demand. • Demand schedule and demand curve • Market demand schedule and market demand curve. • Change in Demand and change in quantity demanded • Supply • The law of supply • Determinants of supply • Supply schedule and supply curve • Market supply schedule and market supply curve • Change in supply and change in quantity supplied. 	2 weeks (8 hours)
3	Market Analysis	<ul style="list-style-type: none"> • Market equilibrium • Comparative statistics • Price ceiling, price floor and other controls. Consumers and producers surplus • Effect of a tax/subsidy on the equilibrium position • Elasticity concepts • Price elasticity of demand • Income elasticity of demand • Cross elasticity of demand • Elasticity, revenue and pricing • Relevance of elasticity in business 	2 weeks (8 hours)
4	The theory of consumer behavior, consumer choice and demand	<ul style="list-style-type: none"> • Utility, total utility and marginal utility concepts • The Cardinal Utility approach • Assumptions and limitations • Equilibrium conditions of a consumer under the cardinal approach • The ordinal utility approach • Definitions and assumptions • Analysis of indifference curves • Price consumption curve vs. income consumption curve • Price, income and substitution effect • Limitations of ordinal approach 	2 weeks (8 hours)

5	Production theory	<ul style="list-style-type: none"> • Inputs and production function • Short run and long run production functions • Stages of production • Production in the long run • The laws of returns to scale • Expansion path and the ridge lines 	1.5 weeks (6 hours)
6	Theory of costs	<ul style="list-style-type: none"> • Definition and meaning of costs • Types of costs • Analysis of costs in the short run • Analysis of costs in the long run. • Equilibrium of the firm • Economies and diseconomies of scale 	1.5 weeks (6 hours)
7	Markets and market structures	<ul style="list-style-type: none"> • Introduction to market structures • Perfectly competitive markets • Marginal revenue, cost, and profit • Choosing the output level for profit maximization • Profit, price and output in the short-run and long-run for a competitive firm • The decision to shut down in the short run • The competitive firm's short-run supply curve • Monopoly and market power • Pure monopoly • Profit maximization by monopoly firms • Evaluation of market outcomes under pure monopoly • Price discrimination • Monopolistic competition • Oligopoly • Market failures and interventions • Externalities and public goods: • Causes and cures 	3weeks (12 hours)
	Total		13 weeks

Mode of Delivery

- Lectures
- Group Discussion,
- Case Studies and tutorials

Percentage distribution of marks between coursework and end of semester examinations.

- Course work 30%
- Final examination 70%
- Total 100%

Reading List

1. Andolfatto, D. (2005), *Microeconomic Theory and Policy*, Simon Fraser University, Canada.
2. Bajada C., Jackson J., McIver R. and E. Wilson (BJMW) (2012), *Economics Principles*, McGraw - Hill Education, 3rd Edition
3. Besanko D. and Braeutigam R. R. (2010), *Microeconomics*, 4th Edition, John Wiley & Sons, Inc. bookboon.com Snyder and Nicholson (2012): *Microeconomic Theory: Basic Principles and Extensions*
4. Economides N (2015), *Notes for Microeconomics*, Stern School of Business.
5. Gregory MN (2014). *Principles of Microeconomics*, 5th Edition South-Western.
6. Hlesten K. (2008), *Essentials of Microeconomics*, Kristen Ahlersten and Ventus Publishing ApS
7. Hubbard, R. G. and O'brien, A. P (2008), *Microeconomics*. 2nd ed. United States: Pearson Education.
8. Jackson, J., McIver, R. and Wilson, E. (2008), *Microeconomics*. 9th ed. Australia: McGraw-Hill.
9. Koutsoyiannis, A. (1979), *Modern Microeconomics*, English Language book Society (ELBS)
10. Riley, J. G. (2012) *Essential Microeconomics*. Cambridge University Press.
11. Salvatore D. (2003), *Microeconomics*, Oxford University Press, New York 4th Ed
12. Sen S. (2011). *Market Structure: Monopoly, Oligopoly, Monopolistic and Perfect Competition*. Available at: <http://fintowin.com/2011/07/market-structuremonopolyoligopoly-monopolistic-and-perfect-competition/>
13. Tian, G. (2013). *Lecture Notes on Microeconomic Theory*, College Station Texas.
14. Wozny, L. (2016). *Lecture Notes on Microeconomics*, Warsaw School of Economics