Economics for Business I

Academic Year: (2017 / 2018) **Review date: 26-04-2017**

Department assigned to the subject: Business Administration Department

Coordinating teacher: SAMARTIN SAENZ, MARGARITA

Type: Compulsory ECTS Credits : 5.0

Year : 1 Semester : 1

REQUIREMENTS (SUBJECTS THAT ARE ASSUMED TO BE KNOWN)

The basic requirement is mathematical: students must have a basic knowledge of calculus and optimization and be familiar with mathematical proofs. Undergraduate microeconomic theory is helpful, but not strictly necessary, since all topics will be self-contained.

OBJECTIVES

The goal of this course is to provide students with working knowledge of some of the main concepts and techniques of economic theory, emphasizing those that have a more direct application to business studies. In the first part of the course, we will focus on classical theories of consumer and producer behavior and on models of competitive equilibrium. After extending the theory of individual behavior to contexts involving uncertainty and time, the second part of the course will deal with strategic interaction. First, we will study the basic concepts of game theory, and then one of the main economic applications of the theory: the analysis of markets with imperfect competition. We will conclude the course by introducing the basic principal-agent model. While the previous topics focus on interactions in the market, this topic will allow us to analyze what happens inside the organizations that operate in those markets.

DESCRIPTION OF CONTENTS: PROGRAMME

1. Consumer theory: preferences and choice
1.1. Preferences and utility
1.2. Consumer choice
1.3. Demand
1.4. Revealed Preferences
2. Production
2.1. Technology
2.2. Profit maximization
2.3. Cost minimization and cost functions
3. Market equilibrium
3.1. Competitive market equilibrium
3.2. Monopoly
4. Uncertainty and time
4.1. Choice under uncertainty
4.2. Intertemporal choice

LEARNING ACTIVITIES AND METHODOLOGY

The teaching method includes:
Each topic or sub topic is presented by the professor in a theory session. After the theory session the students have to study the materials, do complementary readings and work on the relevant problem sets.
The course material for each topic (slides that will be used in theory sessions and problem sets to be solved in practice sessions) is provided in advance through the intranet in Aula Global 2.
Each teacher has scheduled weekly office hours that the students can use to obtain extra help.

ASSESSMENT SYSTEM

There will be a final exam at the end of term. This exam accounts for 100% of the final grade

BASIC BIBLIOGRAPHY

- Kreps, D. A course in Microeconomic Theory, Princeton University Press/ Harvester Wheatsheaf., 1990
- Mas-Colell, A., M. D. Whinston, and J. R. Green, Microeconomic Theory, Oxford University Press, 1995
- Varian, H. Microeconomic Analysis. , W. W. Norton Company (third edition), 1992