**Microeconomics**

**TS1 (60 Hours)**

**Course Description:**

This introductory course provides the fundamentals of microeconomics, a branch of economics primarily concerned with the individual parts of the economy such as individual businesses or industries, individual consumers, and individual products. Although the emphasis is on theory, some applications of the material are addressed as well. Students are exposed to concepts that help them understand consumer behavior and business decisions. Factors that determine demand, influence supply, price determination mechanism, consumer and producer theories, and types of costs are all dealt with . The course allows for an an analytical understanding and insight into many of the choices we make as an individual, firm, or other economic actor in our day-to-day life. It provides students with analytical tools and concepts that enable them to assess and analyze the world around them from the perspective of an economist.

**Learning Outcomes:**

* Define the concepts of scarcity and resources.
* Define and compute opportunity costs, demonstrate how they affect economic decisions, identify these costs in a given economic decision, and relate them to scarcity.
* Describe the benefit-cost principle (e.g., take an action as long as the marginal benefits are greater than marginal costs), and apply the principle in a given economic decision.
* Identify the production possibilities frontier, relate it to scarcity and use it to compute opportunity cost.
* Understand, describe and compute comparative advantage, and identify the benefits of free trade and specialization.
* Recognize and interpret a demand curve and a supply curve, identify the underlying determinants of each, differentiate between a change in demand (supply) and a change in the quantity demanded (supplied), and understand how demand and supply interact to determine equilibrium prices.
* Define the general concept of Elasticity for different variables in the demand or supply function (e.g. price, cross, income, etc.), formulate and compute the elasticity of demand and supply, and the relationships to a firm’s total revenue, and describe the effect of a given elasticity on economic outcomes (e.g., revenues, tax burden, policy choices, etc.).
* Learn consumer theory and consumer utility maximization condition.
* Identify and compute all types of costs, and identify in an economic decision which costs and benefits are relevant (e.g., marginal) and which are not (e.g., sunk).
* Identify the differences between a perfectly competitive market and an imperfectly competitive market and the implications of perfect competition, in particular, for economic outcomes (in a partial equilibrium)

**Topics Covered:**

1. Scarcity
2. Supply and demand
3. Market equilibrium
4. Elasticity
5. Consumer preference and decision-making
6. Costs
7. Perfect competition

**CHAPTER ONE**

**What is Economics**

**Learning Outcomes:**

1- Define economics and distinguish between microeconomics and macroeconomics.

2- Explain the two big questions of economics.

3- Explain the key ideas that define the economic way of thinking.

**Content:**

1.1: Definition of Economics

1.2 : Two Big Economic Questions

1.2.1: What , How and For Whom?

1.2.1.1 : What

1.2.1.2 : How

1.2.1.3 : For Whom

1.2.2: Can the Pursuit of Self- Interest Promote the Social Interest?

1.2.2.1: Self-Interest

1.2.2.2: Social Interest

1.2.2.3 : The Big Question  
 1.3 : Economic Way of Thinking

1.3.1 : A Choice is a Tradeoff

1.3.2 : Making a Rational Choice

1.3.3 : Benefit: What You Gain

1.3.4 : Cost: What You Must Give Up

1.3.5 : How Much? Choosing at the Margin

1.3.6 : Choices Respond to Incentives

1.4 : Appendix I

1.4.1 : Graphing Data

1.4.2 : Graphs used in Economic Models

1.4.2.1 : Variables That Move in the Same Direction

1.4.2.2 : Variables That Move in Opposite Directions

1.4.2.3 : Variables That Have a Maximum or a minimum

**CHAPTER TWO**

**The Economic Problem**

**Learning Objectives:**

1- Define the production possibilities frontier and use it to calculate opportunity cost.

2- Explain how current production choices expand future production possibilities.

3- Explain how specialization and trade expand production possibilities.

**Content:**

2.1: Production Possibilities and Opportunity Cost

2.1.1 : Production Possibilities Frontier

2.1.2 : Production Efficiency

2.1.3 : Tradeoff Along the PPF

2.1.4 : Opportunity Cost

2.1.4.1 : Opportunity Cost is a Ratio

2.1.4.2 : Increasing Opportunity Cost

2.2: Using Resources Efficiently

2.2.1 : The PPF and the Marginal Cost

2.2.2 : Preferences and Marginal Benefit

2.2.3 : Allocative Efficiency

2.3: Economic Growth

2.3.1 : The Cost of Economic Growth  
 2.4: Gains from Trade

2.4.1 : Comparative Advantage and Absolute Advantage

**CHAPTER THREE**

**Demand and Supply**

**Learning Outcomes:**

1- Describe a competitive market.

2- Explain the influences on demand.

3- Explain the influences on supply.

4- Explain how demand and supply determine prices and quantities bought and sold

5- Use the demand and supply model to make predictions about changes in prices and quantities.

**Content:**3.1: The law of Demand

3.2 : Demand Curve and Demand Schedule

3.3 : A Change in Demand

3.3.1 : Prices of Related Goods

3.3.2 : Expected Future Prices

3.3.3 : Income

3.3.4 : Expected Future Income and Credit

3.3.5 : Population

3.3.6 : Preferences

3.4 : A Change in the Quantity Demanded Versus a Change in Demand

3.4.1 : Movement Along the Demand Curve

3.4.2 : A Shift of the Demand Curve  
 3.5: The law of Supply

3.6 : Supply Curve and Supply Schedule  
 3.7: A Change in Supply

3.7.1 : Prices of Factors of Production

3.7.2 : Prices of Related Goods Produced

3.7.3 : Expected Future Prices

3.7.4 : The Numbers of Suppliers

3.7.5 : Technology  
 3.8:A Change in the Quantity Supplied Versus a Change in Supply

3.9: Market equilibrium

3.9.1 : Price as a Regulator

3.9.2 : Price Adjustments

3.10 : Predicting Changes in Price and Quantity

3.10.1 : An Increase in Demand

3.10.2 : A Decrease in Demand

3.10.3 : An Increase in Supply

3.10.4 : A Decrease in Supply

3.10.4 : All the Possible Changes in Demand and Supply

**CHAPTER FOUR**

**Elasticity**

**Learning Outcomes:**

1- Define, Calculate and explain the factors that influence the price elasticity of demand.

2- Define, Calculate and explain the factors that influence the cross elasticity of demand and the

income elasticity of demand.

3- Define, Calculate and explain the factors that influence the elasticity of supply.

**Content:**

4.1 : Price Elasticity of Demand

4.1.1 : Calculating Price Elasticity of Demand

4.1.2 : Inelastic and Elastic Demand

4.1.3 : Elasticity Along a Linear Demand Curve

4.1.4 : Total Revenue and Elasticity

4.1.5 : The Factors that Influence the Elasticity of Demand  
 4.2- Income Elasticity of Demand

4.2.1 : Income Elastic Demand

4.2.2 : Income Inelastic Demand

4.2.3 : Inferior Goods

4.3 : Cross Elasticity of Demand

4.3.1 : Substitutes

4.3.2 : Complements  
 4.4 : Elasticity of Supply

4.4.1 : Calculating the Elasticity of Supply

4.4.2 : The Factors that Influence the Elasticity of Supply

**CHAPTER FIVE**

**Utility and Demand**

**Learning Outcomes:**

1- Explain the limits to consumption and describe preferences using the concept of utility.

2- Explain the marginal utility theory of consumer choice.

3- Use marginal utility theory to predict the effects of changes in prices and incomes.

**Content:**

5.1 : Consumption Possibilities

5.2 : Preferences  
5.3 : Utility-Maximizing Choice

5.3.1 : A Spreadsheet Solution

5.3.2 : Choosing at the Margin

5.3.2.1: Marginal Utility per Dollar

5.3.2.2 : Utility - Maximizing Rule  
 5.4 : Predictions of Marginal Utility Theory

5.4.1 : A Fall in the Price of a Movie

5.4.2 : A rise in the Price of Soda

5.4.3 : A Rise in Income

**CHAPTER SIX**

**Output and Costs**

**Learning Outcomes:**

1- Distinguish between the short run and the long run.

2- Explain the relationship between a firm's output and costs in the short run and derive a firm's

short-run cost curves.

3- Explain the relationship between a firm's output and costs in the long run and derive a firm's

long-run average cost curves.

**Content:**

6.1 : Decision Time Frame

6.1.1 : The Short Run

6.1.2 : The Long Run  
6.2 : Short-Run Technology Constraint

6.2.1 : Product Schedules

6.2.2 : Product Curves  
 6.2.3 : Total Product Curve

6.2.4 : Marginal Product Curve

6.2.5 : Average Product Curve

6.3 : Short-Run Cost

6.3.1 : Total Cost

6.3.2 : Marginal Cost

6.3.3 : Average Cost

6.3.4 : Cost Curves and Product Curves

6.3.4.1 : Shifts in the Cost Curves

6.4 : Long- Run Cost

6.4.1 : The Production Function

**CHAPTER SEVEN**

**Perfect Competition**

**Learning Outcomes:**

1- Define Perfect competition.

2- Explain how a firm makes its output decision and why it sometimes shuts down temporarily

and lays off its workers.

3- Explain how price and output are determined in a perfectly competitive market.

**Content:**

7.1 :What is Perfect Competition

7.1.1 : How Perfect Competition Arises

7.1.2 : Price Takers

7.1.3 : Economic Profit Revenue  
7.2 : The firm's Output Decision

7.2.1 : Marginal Analysis and the Supply Decision

7.2.2 : Temporary Shutdown Decision  
 7.3 : Output Profit and Price in the Short Run

7.3.1 : Market Supply in the Short Run

7.3.2 : Short- Run Equilibrium

7.3.3 : A Change in Demand

7.3.4 : Profit and Losses in the Short Run