

**SYLLABUS**

# **Introductory Microeconomics 7.5 credits N0008N**

**Nationalekonomi A, Mikroteori**

**Course syllabus admitted: Autumn 2023 Sp 1 - Present**

**DECISION DATE  
2023-02-15**

# Introductory Microeconomics 7.5 credits N0008N

## Nationalekonomi A, Mikroteori

### First cycle, N0008N

Education level	Grade scale	Subject	Subject group (SCB)
First cycle	U G VG *	Nationalekonomi	Economics

### Main field of study

Economics

## Entry requirements

In order to meet the general entry requirements for first cycle studies you must have successfully completed upper secondary education and documented skills in English language + Swedish upper secondary school courses Mathematics 3b or 3c or Mathematics C, Social Studies 1b or 1a1+1a2.

## Selection

The selection is based on final school grades or Swedish Scholastic Aptitude Test.

## Course Aim

The course is at the basic level and mainly deals with consumption and production theory, provided that perfect competition prevails. During the course, graphs - but also mathematical models - are mainly used to illustrate and analyze economic relationships. After completing the course, students should be able to:

### **Knowledge and understanding:**

- Describe and explain basic microeconomic concepts and relationship within consumption and production theory.
- Describe and explain basic concepts and models in welfare theory and general equilibrium.

### **Skills and Abilities:**

- Apply microeconomic concepts for deriving microeconomic relationships and models in consumption and production theory graphically.
- Apply basic microeconomic models to show how resource allocation works in a perfect market economy.
- Analyze how political interventions such as taxes and subsidies affect the distribution of resources in a perfect market economy.
- In groups, work on applying microeconomic models to analyze different microeconomic issues.
- Orally and in writing present, motivate and discuss the analyzes and solutions of various microeconomic problems.

### **Judgment:**

- Evaluate how political interventions affect the economic efficiency of a perfect market and critically reflect on how different groups are affected.

## Contents

The following areas are addressed:

### Introduction

- Opportunity costs

### **The market for goods and services**

- Demand
- Supply
- Market equilibrium

### **Price sensitivity / elasticity**

- Demand price elasticity of demand
- Cross-price elasticity of demand
- Income elasticity of demand
- Supply elasticity

### **Consumption theory**

- Preferences
- Utility theory
- Budget constraints
- Optimal consumption choice
- Derivation of the demand curve and the Engel curve
- Income and substitution effect
- Limited rationality

### **Production theory (short and long term)**

- The production function
- Production in the short and long term, respectively

### **Production costs**

- Different cost concepts, including production and transaction costs
- Why firms
- Production costs in the short term
- Production costs in the long term

### **Perfect competition**

- Characteristics
- The company's production decision, profit maximization
- Derivation of the supply curve in the short and long term

### **Basic welfare theory**

- Consumer surplus
- Producer surplus
- Dead weight losses

### Political interventions

- Taxes and subsidies
- Price floor and price ceiling
- Welfare effects of political interventions

### Factor markets

- Supply and demand

### General equilibrium

- The Pareto criterion
- The Edgeworth box
- The production possibility frontier curve
- Efficiency in consumption and production, respectively
- Total efficiency

## Realization

Each course occasion's language and form is stated and appear on the course page on Luleå University of Technology's website.

Teaching is given in the form of lectures, self-studies and a number of mandatory seminars where students present and discuss solutions to microeconomic problems. The work of solving these problems is done in small student groups before each seminar. Before the lectures, students is also given the opportunity to conduct quizzes (small tests), which covers basic concepts and issues. The purpose of these quizzes is to stimulate reading the literature and thereby prepare the student for the lectures and seminars. Self-study is thus a large and important part of the course and the learning process.

## Examination

If there is a decision on special educational support, in accordance with the Guideline Student's rights and obligations at Luleå University of Technology, an adapted or alternative form of examination can be provided. The course ends with an individual written exam covering the theoretical content of the course equivalent to 6 credits. The grades VG (passed with honor), G (passed) or U (failed) are given on the final exam.

The examination also include mandatory seminars equivalent to 1.5 credits. At the seminars students group-wise publically present and motivate solutions to microeconomics problems for other students (and the teacher). At the seminars grades G (passed) or U (failed) are given. For the grade G (passed) students must pass three of four seminars. The seminars mainly examine generic abilities such as group collaboration and oral presentation.

The grades of the written examination determines the final grade of the course.

## Unauthorized aids during exams and assessments

If a student, by using unauthorized aids, tries to mislead during an exam or when a study performance is to be assessed, disciplinary measures may be taken. The term “unauthorized aids” refers to aids that the teacher has not previously specified as permissible aids and that may assist in solving the examination task. This means that all aids not specified as permissible are prohibited. The Swedish version has interpretative precedence in the event of a conflict.

## Remarks

Students must register for the courses themselves or contact ETKS educational administration, [eduetks@ltu.se](mailto:eduetks@ltu.se) not later than three days after the quarter commences. Failure to do so can result in the place being lost. This rule also applies to students with a guaranteed place.

## Overlap

The course N0008N is equal to IEN332

## Course offered by

Department of Social Sciences, Technology and Arts

## Modules

Code	Description	Grade scale	Cr	Status	From period	Title
0002	Written exam	U G VG *	6	Mandatory	A11	
0003	Seminars	U G#	1.5	Mandatory	A11	

## Study guidance

Study guidance for the course is to be found in our learning platform Canvas before the course starts. Students applying for single subject courses get more information in the Welcome letter. You will find the learning platform via My LTU.

## Last revised

by Director of Undergraduate Studies Daniel Örtqvist, Department of Business Administration, Technology and Social Sciences 2023-02-15

## Syllabus established

by Institutionen för industriell ekonomi och samhällsvetenskap 2007-02-28