

ECONOMICS-I

DBS, European University

Miguel Lebre de Freitas

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Course outline

Basic Concepts

Economics. Economic good. Factors of production. Opportunity cost and economic profit. Microeconomics and Macroeconomics. Economic model.

Theory of the firm

Description of the technology. Marginal productivity. Fixed costs and variable costs. Marginal costs. The firm's Supply Curve. The firm's demand for labour. The market supply.

SN 6, 7, 8.

Demand and consumer behaviour

Choice and utility theory. Marginal utility. The individual demand curve. Substitution and income effects. The market demand. Demand shifts.

SN 5

The price mechanism

Market equilibrium. The function of prices. The "invisible hand". Distribution of income. Effects of shifts in supply and demand. Elasticities of supply and demand. Momentary, short-run and long run equilibrium.

SN 2, 3, 4.

Intervention

The economic role of Government. Policy instruments. Minimum floors and maximum ceilings. Taxes and subsidies. Example: the EU agriculture policy.

SN 2, 4.

Market structure

Perfect competition. Equilibrium with perfect competition. Natural and legal monopolies. Oligopoly. Monopolistic Competition.

SN 9, 10.

Main Reading

SN - P. Samuelson and W. Nordhaus (1995), Economics, Fifteenth Edition, McGraw-Hill.