

432191: VU Economic Theory

Summer Semester 2025

Instructor Information

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Office Hours: To be booked [here](#)

Class Information

Dates: Wednesday, 02/04/2025 – Friday, 27/06/2025
Time: 16.45 – 18.15 (on Wednesdays) and 11.30 – 13.00 (on Fridays)
Classroom: SR4 (on Wednesdays) and SR9 (on Fridays)

Course Description

This course introduces microeconomic theory, focusing on consumer behavior, production, costs, and market structures. Students will learn how consumers make decisions and explore concepts like perfect competition and monopoly. Through lectures and problem sets, participants will develop a solid understanding of core microeconomic principles and enhance their analytical skills. *This course serves as prerequisite to the admission for the Master's Degree Programme in Experimental and Empirical Economics.*

Course Objectives

After this course, you should be able to...

- Understand how consumers rank different goods and services.
- Learn the principles of completeness, transitivity, and "more is better."
- Visualize preferences using indifference curves.
- Understand how income and prices limit consumer choices.
- Determine the best combination of goods for a consumer.
- Explain how price and income affect a consumer's willingness to buy.
- Analyze how price changes impact consumer choices.
- Derive the overall demand for a good from individual demands.
- Understand how inputs are transformed into outputs.
- Analyze how changes in input levels affect output.
- Visualize combinations of inputs that produce the same output.
- Understand how firms substitute inputs.
- Analyze how output changes as inputs increase proportionally.
- Distinguish between different types of costs (explicit, implicit, opportunity, etc.).
- Understand how firms choose the most cost-effective inputs.

- Analyze how total, average, and marginal costs change with output.
- Understand how costs change as output increases.
- Understand the characteristics and equilibrium of a perfectly competitive market.
- Analyze how a monopolist sets price and output to maximize profits.
- Contrast the outcomes of perfect competition and monopoly.

Textbook and Calculators

Textbook: Besanko, D., & Braeutigam, R. (2020). *Microeconomics*. John Wiley & Sons.

Calculator: You will need a calculator to do the computations that will arise throughout the course. No specific calculator is required; however, a scientific calculator is highly recommended. You won't be able to use your cell phone during any of the exams.

Exams

There are two midterm exams and a final exam. You are expected to be present, seated, and ready to take the exam before the exam begins. The exams are scheduled on May 6th, on June 10th, and on July 8th. You are not permitted to use any outside materials, resources, or electronic devices (including but not limited to mobile phones, smartwatches, etc., but not including a calculator) on the exams. Any violation of this policy could result in failing the exam.

A missed midterm exam counts as a zero unless a valid excuse from a physician is presented to your instructor. With an acceptable written excuse, a missed midterm exam can be retaken on the day of the final exam. There will be only one possibility of a make-up exam, for the final exam. You can access to it only if you missed the Final Exam with an acceptable written excuse.

Grading

The course grade is determined by the following components:

Midterm Exam 1	30%
Midterm Exam 2	30%
Final Exam	30%
Attendance	10%

Grade Scale

Final grades will be assigned according to the following scale:

1	91 – 100
2	81 – 90
3	71 – 80
4	61 – 70
5	0 – 60

Important Dates

- Midterm 1: May 6th, 17:30 - 18:30, HS 2 (Sowi)
- Midterm 2: June 10th, 12:00 - 13:00, UR 1 (Sowi)
- Final Exam: July 8th, 2025, 10:30 - 11:30, HS 2 (Sowi)

Course Schedule

The following is a *tentative* schedule for the course.

Date	Topic
02/04	Lecture: Consumption Theory (2h)
04/04	Lecture: Consumption Theory (2h)
09/04	Lecture: Consumption Theory (2h)
11/04	Lecture: Consumption Theory (1h)
11/04	Practice Session: Consumption Theory (1h)
30/04	Practice Session: Consumption Theory (2h)
14/05	Lecture: Production Theory (4h)
16/05	Lecture: Production Theory (2h)
28/05	Practice Session: Production Theory (2h)
30/05	Lecture: Perfect Competition (2h)
11/06	Lecture: Perfect Competition (2h)
13/06	Practice Session: Perfect Competition (2h)
25/06	Lecture: Monopoly (2h)
27/06	Practice Session: Monopoly (2h)

Class Attendance and Participation

It is essential to your success in this course that you attend each lecture and participate in the discussions. Therefore, you are expected to attend each lecture and to show up on time. Should you need to miss a class for any reason, you are to contact the instructor in a timely manner using the following form (do not send an email): [click here](#). You are responsible for any material covered, any work assigned, or any course changes made during the lecture. *Do not* expect the instructor to provide notes from any class that you might miss.

Phone and Device Policies

All electronic devices should be turned off and put away during class. Use of such devices can result in dismissal from class. If there is an issue that requires you to need a phone in class, discuss this with your instructor.

Email Policy

All email communication in this course should be done using your @uibk.ac.at email account. Please, title emails with Econ Theory: [Email Issue], where “email issue” is a summary title of the content of the email. This is to help ensure that your email is noticed and responded to.