

# INTRODUCTION TO ECONOMICS

## UNDERGRADUATE IN BUSINESS ADMINISTRATION YEARS 2016/17

Syllabus of the subject:

### A. INTRODUCTION:

**TOPIC 0a. Mathematical and graphical review.** Functions, linear and non-linear functions, graphical representation of functions, slope of a function, continuous and discontinuous functions, maxima and minima of a function, concavity and convexity, functions of two variables, useful derivatives.

**TOPIC 0b. Introduction to economic analysis.** Economics, economic models, Microeconomics and Macroeconomics, positive versus normative economics.

### B. MICROECONOMICS:

**TOPIC 1. Possibilities.** Resources, technology, possibilities, short and long run, production functions, comparative statics, production function movements, **production possibility frontier (PPF), gains from trade. Technology: Pareto efficiency.**

**TOPIC 2. Markets in perfect competition.** Competitive markets. The demand curve, shifts of and movements along the demand curve. The supply curve and business profits. Shifts of and movements along the supply curve. Market equilibrium, changes in demand and supply and its consequences. **Consumer surplus and demand curve, producer surplus and supply curve.**

**TOPIC 3. Consumer's preferences.** Preferences over alternatives of consumption, indifference curves and maps, marginal rate of substitution.

**TOPIC 4. Consumer's choice.** The budget constraint and the preferences, the maximization problem, derivation of the demand curve, price elasticity of the demand.

**TOPIC 5. Externalities and public goods.** Private cost and social cost.

### **C. MACROECONOMICS:**

**TOPIC 6. Gross Domestic Product and national accounts.** Production, added value and expenditure approaches.

**TOPIC 7. Inflation.** Concept, effects, measurements and deflation.

**TOPIC 8. Economic growth and economic cycles.** Sources of the long-term economic growth, physical and human capital, technological improvements, cycles and fluctuations, Okun's law.

**TOPIC 9. Labor market.** Labor market indicators, measurements.