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Martin Kolmar

# Principles of Microeconomics

An Integrative Approach

 Springer

Martin Kolmar  
Institute for Business Ethics  
University of St. Gallen  
St. Gallen, Switzerland

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*To my daughter,  
Carlotta*

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## Acknowledgements

One may wonder why I think that it makes sense to add yet another introductory textbook to the overfilled shelf of well-established books on microeconomics. There are three reasons that motivated me to do so.

First, a lot of textbooks in economics want to make one believe that the theories presented are more or less context-free and objective. This is a wrong and dangerous belief. First of all, all theories are embedded in an intellectual milieu from which they borrow and on which they build. No man is an island, and no scientific theory is either. The tendency to shun any contextualisations of the theories comes at the risk of blindness towards the implicit assumptions, value judgements and epistemes on which the theory depends. This makes economics prone to being misused for ideological purposes. Economic literacy does not only mean that one is able to understand the rules and patterns of modern economies, but also that one understands how economic theories relate to other social sciences and the culture from which they emerge. This textbook is an attempt to contextualize modern economics in the hope that students will get a better overview of its strengths and weaknesses. It puts also a specific emphasis on case studies that range widely from the functioning of coffee markets, the logic of overfishing, to price discrimination in the digital age. This approach makes this book also potentially interesting for students who study economics as a minor and who want to understand how economic theories relate to other social sciences and how they can be used to better understand markets as well as phenomena like climate change, among many others.

To make it easier to identify the most important contextualizations in this book, I work with a series of icons that one will find in the margins of this book.  $\mathcal{L}$  indicates a legal,  $\mathcal{B}$  a business, and  $\Phi$  a philosophical (broadly speaking) context. Furthermore, one will find the most important definitions and technical terms highlighted with a  $\mathcal{L}$ -sign in the margins of the book.

Second, textbooks that give an introduction to economics have become a million-dollar business over the last decades, with thousands of universities and colleges teaching the same basic principles worldwide. The globalization of this market has led to a commodification of textbooks in the attempt to sell as many copies as possible. As a result, the lion's share of the market is served by textbooks that are

very elementary and only scratch the surface of most theories. This strategy makes them commercially successful, because of the appeal to the mass market but, at the same time, denies the students a deeper and more sophisticated understanding of the strengths and weaknesses of the theories. One could argue that such an in-depth understanding of theories is not necessary in an introductory class in economics, because there will be plenty of intermediate and advanced courses that will fill these gaps later on. The reality is, however, that a significant fraction of students gets all of its knowledge from the introductory course. It is never too early to educate independent and critical minds.

Third, most textbooks that I am aware of are not tailored to the needs of a business school where students study economics, business administration and maybe law. Economics is about the functioning of institutions and most institutions have a legal backbone. Bringing this fact to the foreground creates synergies between law and economics. By the same token, economic theory allows one to identify the key parameters that a firm must know in order to be successful in the markets in which they compete. Examining the common ground between management and economics allows one to better understand the implications of different market contexts and industries for managers and it shows one how closely economics and business administration can and should be linked. Economics, law and business administration are really three perspectives on the same phenomenon: the logic of social interaction.

This book took shape over many years during which I have been teaching “Principles of Economics” and “Microeconomics” to undergraduate students. I would like to thank all of my former students for their patience and for their countless discussions that all contributed, in their own ways, to this book. Special thanks are due to my present and former PhD students and research assistants Philipp Denter, Magnus Hoffmann, Hendrik Rommeswinkel and Dana Sisak, all of whom had a major influence on the content and the didactics of this book. This is also true for Thomas Beschorner, Friedrich Breyer, Claudia Fichtner, Jürg Furrer, Michael Heumann, Normann Lorenz, Ingo Pies, Alfonso Sousa-Poza and Andreas Wagener, who gave me me detailed feedback on earlier versions of the book and helped me with valuable suggestions. I would also like to thank Maya G. Davies, Corinne Knöpfel, Leopold Lerach, Jan Riss and Jan Serwart, who supported me in finishing this book and who did a great job in making it more student friendly and accessible. It is definitely not their fault if you find yourself struggling with some of the material.

St. Gallen, May 2017

Martin Kolmar

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