

Grado en Administración y Dirección de Empresas

27313 - Microeconomics II

Course 2015 - 2016

Curso: 2, Semestre: 1, Créditos: 6.0

Basic information

Teachers

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Recommendations to attend this course

In order to follow the course optimally, a previous basic knowledge of "Microeconomics I", "Mathematics I" and "Mathematics II" is highly recommended.

Course Schedule and Deadlines

This course is offered during the first semester, which runs between September and January. The official timetable for the final exams can be found on: http://fecem.unizar.es/secretaria/horarios_examenes.html

Dates of partial exams will be announced in each group and dates of final exam can be found on:

http://fecem.unizar.es/secretaria/horarios_examenes.html

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Learning outcomes that define this course

The student, in order to pass the course, will have to show her/his competence in the following skills:

1:

Describe, identify and explain the market structure according to the type of competition and the theoretical foundations in the market, in both the short and the long run, by identifying the economic agents' behaviour and using the basic terminology in economics correctly.

2:

Formulate and solve the market equilibrium by using verbal reasoning, visual representations and mathematical analysis (elemental calculus and algebra), for different time spans and market structures, at an intermediate level. Be able to calculate the economic agents' surpluses and the welfare generated at equilibrium.

3:

Reasonably predict and quantify the changes in the equilibrium and the social welfare as a result of changes in agents' behaviour (comparative statics), at an intermediate Microeconomics level.

4:

Carry out normative analysis, design government economic policies and predict and quantify the effects of these policies on the equilibrium and social welfare, at an intermediate Microeconomics level.

5:

Recognize the importance of competitive general equilibrium models and their implications on the efficiency of markets. Analyze the economic consequences of market failures (asymmetric information, externalities and public goods)

6:

Learn autonomously and produce written reports according to established guidelines.

Introduction

Brief presentation of the course

Microeconomics II is the second economic theory course in the curriculum and constitutes a major building block in the student's formation as an economist. Together with Microeconomics I, it provides a global picture of the basic knowledge in Microeconomics that the student must acquire, developing the contents studied in Microeconomics I. The course is made up of two parts. The first part analyses the aggregate economic behaviour of the agents operating in perfect competitive markets. The second part studies market failures (monopoly, oligopoly and other market failures).

The tools that will be employed in the analysis are verbal reasoning, visual representations and mathematical analysis.

Competences

General aims of the course

The expected results of the course respond to the following general aims

- To build the theoretical foundations of market structures under both perfect and imperfect competitive markets.

- To provide the student with the skills needed to understand and analyse the economic efficiency and social welfare achieved in markets.
- To design and evaluate the different economic policies available and analyse their consequences.
- To acquire basic knowledge on general equilibrium and market failures that will be developed later on in more advanced subjects.

Context/Importance of the course for the master degree

Microeconomics II, together with Microeconomics I, offer a global vision of the basic knowledge of microeconomic theory that every graduate should have acquired. It provides the basic tools to study economic reality from the perspective of economic theory and it is crucial for developing other subjects.

In order to achieve the learning outcomes optimally, it is highly recommendable that students have previously taken subjects such as "Mathematics I", Mathematics II and Microeconomics I. The first two subjects provide the analytical tools required for the course, the third provides the basic concepts related to market theory and the behaviour of economic agents. All this constitutes the necessary input to solve the questions formulated in Microeconomics II.

Moreover, Microeconomics II also provides several necessary elements for developing other subjects within economic theory (Macroeconomics I and II) and other related fields like marketing and market research, economic policy, strategic management, business organizations and also Law, History, Sociology and Statistics.

After completing the course, the student will be competent in the following skills:

1: SPECIFIC SKILLS

- 1.- To evaluate the situation and the previous evolution of firms and organizations, and to be able to acquire the relevant knowledge for taking informed decisions successfully.
- 2.- To produce assessments of particular market situations, sectors, organizations, companies and their functional areas.
- 3.- To understand and apply professional criteria and scientific standards to the solution of economic, business and organizational problems.

2: GENERAL COMPETENCIES

- 4.- To be able to solve problems.
- 5.- To be able to analyze and synthesize relevant information.
- 6.- To be able to apply knowledge in practice

Relevance of the skills acquired in the course

- Allow the student to design and resolve economic problems following the appropriate economic methods.
- Provide the necessary analytical tools to accurately and rigorously understand economic reality.
- Provide the verbal reasoning, visual representations and mathematical analysis needed to analyze and understand the operation of markets and the economy.
- Provide objective tools for a normative analysis with the aim of planning government policies for the markets and predict their effects.
- Develop the students' abilities for their future professional life, especially in Studies and Planning Services, Economic Consulting, Public Administration, Teaching and Research.

Evaluation

Assessment tasks

The student will prove that he/she has achieved the expected learning results by means of the following assessment tasks:

1:

1. A final global exam that will be scheduled in the academic calendar, in accordance with the "Reglamento de Normas de Evaluación del Aprendizaje de la Universidad de Zaragoza". This exam evaluates the knowledge of microeconomics covered in the course programme and it will be in two sections, a theoretical/practical section and a section consisting of practical exercises. These sections will score 60% and 40% of the final mark, respectively.
2. Completion of two voluntary partial exams that will be scheduled at the end of Parts I and II, respectively, which will take place during class time and will evaluate both the theoretical (60%) and practical (40%) parts of the subject. The dates and times of these two voluntary partial exams will be announced in the class and on the e-learning platform (Moodle) at least two weeks in advance.

Marking

The final mark is obtained as the highest of the following:

1. The mark achieved in the final exam, with a maximum of 10 points, after the teaching period.
2. The figure resulting from weighting the average mark of the voluntary partial exams (40%) with the mark of the final exam after the teaching period (60%).

Evaluation Criteria

The student will:

- Know and understand the concepts contained in the course.
- Apply the techniques of Economic Analysis correctly.
- Select important information and interpret it appropriately.
- Express his/her reasoning in a clear and orderly manner

Activities and resources

Course methodology

The learning process that has been designed for this course is based on the following activities:

1. Participative lectures. The professor will explain the basic course content. The student must supplement the explanations with the recommended reading.
2. Practical classes. Students will solve practice exercises, always under the supervision of the professor. This will be done in smaller groups to facilitate the participation of each student.

Outline of the Programme

The programme offered to the students to help them achieve the learning results includes the following activities :

1:

1. Lectures:

- Credits 1.2.
- Methodology: Class attendance and participative problem-solving.

2. Practical classes:

- Credits: 1.2
- Methodology: Class attendance, problem-solving and case studies.

3. Tutorials and seminars:

- Credits: 0.6
- Methodology: Tutorial and complementary activities.

4. Personal work:

- Credits: 3
- Methodology: Problem-solving. Use of ICTs. Preparation of assignments and exams.

2:

Syllabus

Lesson 1: Introduction to market theory

- 1.1. Objectives of market theory
- 1.2. Theory of the firm: Basic concepts
- 1.3. Profit maximization and market structure

Part I: The analysis of competitive markets

Lesson 2: Equilibrium in competitive markets

- 2.1. Characteristics of competitive markets
- 2.2. Marginal revenue and marginal cost. The firm's demand curve
- 2.3. Profit maximization and short-run supply curve
- 2.4. Short-run competitive market equilibrium
- 2.5. Long-run supply curve
- 2.6. Long-run market equilibrium

Lesson 3: The analysis of competitive markets

- 3.1. Consumer and producer surplus
- 3.2. Welfare: efficiency in a competitive market

- 3.3. Government intervention by means of price controls and production quotas
- 3.4. Government intervention by means of taxes, subsidies and tariffs
- 3.5. International trade and tariffs
- 3.6. General equilibrium: Welfare Theorems

Part II: Market Failures

Lesson 4: Monopoly theory

- 4.1. Introduction: market power
- 4.2. Equilibrium and market power in monopolies
- 4.3. Welfare: the social costs of market power
- 4.4. Government intervention by means of taxes, subsidies and regulation
- 4.5. Pricing with market power

Lesson 5: Oligopoly theory

- 5.1. Oligopoly and strategic interaction
- 5.2. Introduction to Game Theory: Nash equilibrium
- 5.3. Simultaneous competition in quantities: Cournot model
- 5.4. Simultaneous competition in prices: Bertrand paradox
- 5.5. Solutions to Bertrand paradox: product differentiation and collusion
- 5.6. Sequential competition: Stackelberg model
- 5.7. Welfare in oligopolies

Lesson 6. Other market failures

- 7.1. Markets with asymmetric information
- 7.2. Externalities and its correction
- 7.3. Common property resources
- 7.4. Public goods

Course planning

Calendar of actual sessions and presentation of works

It has been estimated that a student will spend an average of 150 hours of effective work for optimally preparing this course. These hours include both class-work and attendance and homework/exam preparation. The student is strongly recommended to distribute this preparation time evenly throughout the term.

Timetable

	HOURS OF ATTENDANCE			HOURS OF PERSONAL WORK
	Theory	Practice	P6	
LESSON 1	2 hours	1 hours	0 hours	2 hours
LESSON 2	6 hours	6 hours	2 hours	17 hours

LESSON 3	6 hours	6 hours	2 hours	17 hours
LESSON 4	6 hours	6 hours	1 hours	17 hours
LESSON 5	5 hours	6 hours	1 hours	17 hours
LESSON 6	3 hours	3 hours	0 hours	8 hours
LESSON 7	2 hours	2 hours	0 hours	6 hours
Total	30	30	6	84

Bibliographic references of the recommended readings

Facultad de Economía y Empresa

- Frank, Robert H.. Microeconomía intermedia : análisis económico y comportamiento / Robert H. Frank . - 7^a ed. Madrid [etc.] : McGraw-Hill, cop. 2009
- Gravelle, Hugh. Microeconomía / Hugh Gravelle y Ray Rees . - 3^a ed., reimp. Madrid : Pearson, 2007
- Nicholson, Walter. Microeconomía intermedia y aplicaciones / Walter Nicholson ; revisión técnica Juan Carlos Zapatero, Fernando Esteve . 9^a ed. Madrid [etc.] : Thomson, 2006
- Pindyck, Robert S. : Microeconomía / Robert S. Pindyck, Daniel L. Rubinfeld ; traducción y revisión técnica, Esther Rabasco Espáriz . - 8^a ed. Madrid : Pearson Educación: Prentice-Hall, 2013
- Varian, Hal R. : Microeconomía intermedia : un enfoque actual / Hal R. Varian ; traducción de M^a Esther Rabasco y Luis Toharia . - 9^a ed., [reimp.] Barcelona : Antoni Bosch, D.L. 2015
- Varian, Hal R.. Ejercicios de microeconomía intermedia [recurso electrónico] / by Hal Varian, Theodore Bergstrom . 8^a ed. Barcelona : Antoni Bosch, 2011.

Facultad de Ciencias Sociales y Humanas

- Katz, Michael L.. Microeconomía intermedia / Michael L. Katz, Harvey S. Rosen, Wyn Morgan . - 2^a ed. Madrid [etc.] : McGraw-Hill, cop. 2007
- Pindyck, Robert S. Microeconomía / Robert S. Pindyck, Daniel L. Rubinfeld ; traducción y revisión técnica, Esther Rabasco, Luis Toharia . - 7^a ed. Madrid [etc.] : Pearson Educación, 2009
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- Frank, Robert H.. Microeconomía intermedia : análisis económico y comportamiento / Robert H. Frank . 7^a ed. Madrid [etc.] : McGraw-Hill, cop. 2009
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- Varian, Hal R.. Ejercicios de microeconomía intermedia [recurso electrónico] / by Hal Varian, Theodore Bergstrom . 8^a ed. Barcelona : Antoni Bosch, D.L. 2011