

## 27424 - Microeconomics IV

### Información del Plan Docente

<b>Academic Year</b>	2016/17
<b>Academic center</b>	109 - Facultad de Economía y Empresa
<b>Degree</b>	417 - Degree in Economics
<b>ECTS</b>	6.0
<b>Course</b>	3
<b>Period</b>	Second semester
<b>Subject Type</b>	Compulsory
<b>Module</b>	---

### **1.Basic info**

#### **1.1.Recommendations to take this course**

#### **1.2.Activities and key dates for the course**

### **2.Initiation**

#### **2.1.Learning outcomes that define the subject**

#### **2.2.Introduction**

### **3.Context and competences**

#### **3.1.Goals**

#### **3.2.Context and meaning of the subject in the degree**

#### **3.3.Competences**

#### **3.4.Importance of learning outcomes**

### **4.Evaluation**

### **5.Activities and resources**

#### **5.1.General methodological presentation**

Microeconomics IV is devoted to the economic analysis of oligopolistic markets and market failures caused by both the existence of market power and also due to asymmetric information. Since the main analytic tool that is used in studying oligopolies is game theory, the first part of the course introduces its basic concepts.

#### **5.2.Learning activities**

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

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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 instructor. This will be done in smaller groups to facilitate the participation of each student.

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

Lectures:

Credits: 1,2.

Methodology: Class attendance and participative problem-solving.

Practical classes:

Credits: 1.2

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

Tutorials and seminars:

Credits: 0.6

Methodology: Tutorial and complementary activities.

Personal work:

Credits: 3

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

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### **5.3.Program**

#### **Part I Introduction to Game Theory**

##### **Unit 1. Game Theory I: Simultaneous games**

1.1. Introduction.

1.2. Dominant and dominated strategies.

1.3 Best response strategies.

1.4. Nash equilibrium: Properties.

1.5. Mixed strategies Nash equilibrium.

##### **Unit 2. Game Theory II: Dynamic games**

2.1. Dynamic games with perfect information.

2.2. Dynamic games with imperfect information.

2.3. Repeated games.

#### **Part II Oligopoly Theory**

**Unit 3. Static Models of Oligopoly**

- 3.1. Cournot model.
- 3.2 Bertrand model.
- 3.3. Price competition with capacity constraints.
- 3.4. Competition with differentiated product.

**Unit 4. Dynamic models of Oligopoly**

- 4.1. Repeated interaction: Price instability and collusion.
- 4.2. Entry decisions.
- 4.3. Strategic commitments and competition
- 4.4. Anti-trust Law.

**Part III Economics of Information****Unit 5. Asymmetric Information**

- 5.1. Basic concepts
- 5.2. Adverse selection
- 5.3. Signaling
- 5.4. Self-selection
- 5.5. Moral hazard

**5.4.Planning and scheduling**

Calendar of actual sessions and presentation of works

Timetable

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	THEORY	PRACTICE	HOURS OF PERSONAL WORK
LESSON 1	6 hours	6 hours	10 hours
LESSON 2	6 hours	6 hours	15 hours
LESSON 3	6 hours	6 hours	20 hours
LESSON 4	6 hours	6 hours	15 hours
LESSON 5	6 hours	6 hours	15 hours

### 5.5. Bibliography and recommended resources

Varian, H.R. (1992): Análisis Microeconómico. Bosch. Barcelona.

Gibbons, R. (1993): Un primer curso de Teoría de Juegos. Bosch, Barcelona.

Fernández de Castro, J. y J. Tugores (1992): Fundamentos de Microeconomía. McGraw-Hill, Madrid.

Nicholson, W. (1997): Teoría Microeconómica. McGraw-Hill, Madrid.

#### Recomendada:

Macho-Stadler, I. y Pérez-Castrillo, D. (1994): Introducción a la economía de la información. Ariel Economía S.A. Barcelona.

Segura, J. (2002): Análisis Microeconómico. Ed. Alianza Universidad.

Gravelle, H. y Rees, R. (2006): Microeconomía. Ed. Pearson. Prentice Hall

Fudenberg, D. y Tirole, J. (1993): Game Theory. The MIT Press. Cambridge, Massachusetts

Cabral, L. (1997): Economía Industrial. McGraw Hill, España.

Martin, S. (2001): Industrial Organization. A European Perspective. Oxford University Press.

Tirole, J. (1990): La Teoría de la Organización Industrial. Ed. Ariel Economía, Barcelona.