

## 27415 - Microeconomics II

### Syllabus Information

**Academic Year:** 2019/20

**Subject:** 27415 - Microeconomics II

**Faculty / School:** 109 - Facultad de Economía y Empresa

**Degree:** 417 - Degree in Economics

**ECTS:** 6.0

**Year:** 2

**Semester:** Second semester

**Subject Type:** Compulsory

**Module:** ---

### 1.General information

#### 1.1.Aims of the course

#### 1.2.Context and importance of this course in the degree

#### 1.3.Recommendations to take this course

### 2.Learning goals

#### 2.1.Competences

#### 2.2.Learning goals

#### 2.3.Importance of learning goals

### 3.Assessment (1st and 2nd call)

#### 3.1.Assessment tasks (description of tasks, marking system and assessment criteria)

### 4.Methodology, learning tasks, syllabus and resources

#### 4.1.Methodological overview

Microeconomics II 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.

In the first part of the course, we proceed to analyze the aggregate behavior of economic agents operating in competitive markets, together with the properties of these markets in efficiency terms. The second part is devoted to the study of the consequences of a number of market failures (monopoly, oligopoly, asymmetric information, externalities and public goods) on social welfare.

#### 4.2.Learning tasks

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 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.

### 4.3.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

#### **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

#### **Lesson 4. General competitive equilibrium and welfare**

- 4.1. General equilibrium analysis
- 4.2. Efficiency in exchange
- 4.3. General equilibrium with production
- 4.4. Welfare theorems
- 4.5. Why markets fail?

## Lesson 5: Monopoly theory

- 5.1. Introduction: market power
- 5.2. Equilibrium and market power in monopolies
- 5.3. Welfare: the social costs of market power
- 5.4. Government intervention by means of taxes, subsidies and regulation
- 5.5. Pricing with market power

## Lesson 6: Oligopoly theory

- 6.1. Oligopoly and strategic interaction
- 6.2. Introduction to Game Theory: Nash equilibrium
- 6.3. Simultaneous competition in quantities: Cournot model
- 6.4. Simultaneous competition in prices: Bertrand paradox
- 6.5. Solutions to Bertrand paradox: product differentiation and collusion
- 6.6. Sequential competition: Stackelberg model
- 6.7. Welfare

## Lesson 7. Other Market failures

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

## 4.4. Course planning and calendar

Calendar of actual sessions and presentation of works

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Timetable

	THEORY	PRACTICE	HOURS OF PERSONAL WORK
LESSON 1	2 hours	0 hours	5 hours
LESSON 2	5 hours	5 hours	15 hours
LESSON 3	5 hours	6 hours	15 hours
LESSON 4	5 hours	6 hours	15 hours
LESSON 5	5 hours	6 hours	15 hours
LESSON 6	3 hours	2 hours	10 hours
LESSON 7	5 hours	5 hours	15 hours

## 4.5. Bibliography and recommended resources

### Basic

- Pindyck, R. S. y D. L. Rubinfeld, 2009. Microeconomía. Ed. Prentice-Hall, Madrid. 7ª Edición.
- Katz, M., Rosen, H. y Morgan, W. ?Microeconomía intermedia?. Ed. McGraw-Hill. 2ª Edición.

### Recommended

- Varian, H. R., 2006. Microeconomía intermedia. Ed. Antoni Bosch, Barcelona. 7ª Edición.