

27424 - Microeconomics IV

Syllabus Information

Academic Year: 2019/20

Subject: 27424 - Microeconomics IV

Faculty / School: 109 - Facultad de Economía y Empresa

Degree: 417 - Degree in Economics

ECTS: 6.0

Year: 3

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 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.

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

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 and Nash equilibrium.
- 1.4. Nash equilibrium: Properties.
- 1.5. Mixed strategies Nash equilibrium.
- 1.5. Continuous strategies.

Unit 2. Game Theory II: Dynamic games

- 2.1. Dynamic games with perfect information.
- 2.2. Dynamic games with imperfect information.
- 2.3. Continuous strategies.

Part II Oligopoly Theory

Unit 3. Static Models of Oligopoly

- 3.1. Theory of markets: basic concepts
- 3.2. Quantity competition and market power
- 3.3. Price competition with capacity constraints. Edgeworth Model
- 3.4. Price competition with differentiated product: Hotelling Model
- 3.5. Price competition: Bertrand Model and sales

Unit 4. Dynamic models of Oligopoly

- 4.1. Repeated interaction and collusion
- 4.2. Sequential competition
- 4.3. Dominant firm: strategic entry barriers
- 4.4. Dominant firms and 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

4.4.Course planning and calendar

Timetable

	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

4.5.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.