



Universidad
de Alcalá

SYLLABUS

MICROECONOMICS II

**Degree in Economics and International
Business**

Universidad de Alcalá

Academic Year 2016/2017

Second year – Second semester

Syllabus

Name of subject:	Microeconomics II
Code:	360000
Degree:	Economics and International Business
Department and Academic Discipline:	Economics / Economía Economics / Fundamentos del Análisis Económico
Type:	Compulsory
Credits ECTS:	6 ECTS
Year and Semester:	2nd Year, 2nd Semester
Instructors:	Carlos Mario GOMEZ
Office hours:	To be defined at the beginning of the course
Language of Instruction:	English

1. INTRODUCTION

This is an intermediate course on Microeconomics. The course builds over the concepts and analytical tools studied in Microeconomics I to offer a panoramic view over how markets work under different conditions of market power, firm and market strategic behaviour, information structures, definition of property rights, etc. The course is intended to allow students acquire the analytical skills to understand the functioning of real markets as well as to judge their performance in terms of efficiency and fairness. These elements would also allow understand why markets fail and therefore provides the rational for public action in order to restore efficiency and fairness.

The programme is structured into 2 sections:

- Imperfect competition
- General equilibrium, information and market failures.

Recommended previous courses: Microeconomics I

2. Learning outcomes

General learning outcomes:

1. To reach a basic skill of analytical thinking in fundamental microeconomic analysis.
2. Develop the students skills to apply theoretical concepts to the analysis of practical situations common in modern goods and services' markets as well as to design their own strategies to solve complex questions about firms strategies,

public sector regulations, design of economic incentives and other relevant market decisions..

3. Use economic concepts methods and tools to understand microeconomic problems and assess alternative decisions and outcomes.

Specific learning outcomes:

1. Introduction to the main technical language and key concepts used in microeconomics.
2. Ability to provide a critical assessment of economic newspaper articles and reports on microeconomic issues.
3. Ability to cooperate with classmates by discussing problems and insights with others and collectively finding alternatives and solutions to microeconomic problems.

3. SYLLABUS

Module Contents	Total lecture sessions, credits and hours
<p><u>PART I: Markets and Imperfect Competition</u></p> <p>Topic 1. Monopoly Production and prices in monopolistic markets. Definition and measurement of market power, The Social cost of monopolies. Monopoly regulation.</p> <p>Topic 2. Pricing under market power, Price discrimination modalities. Intertemporal price discrimination, bundling, two-part prices,</p> <p>Topic 3: Oligopoly. Monopolistic competition. Strategic behaviour and quantity and Price based competence (Cournot, Stackelberg and Bertrand 's models). Price competition with differentiated goods. The dominant firm model.</p>	<p>15 sessions</p> <ul style="list-style-type: none"> • 3 topic • 7 theoretical lectures • 7 problem solving and discussion sessions • 1 quiz session (in the classroom) • 6 self-evaluation virtual quizzes (on the course blackboard platform) • 1 virtual quiz

PART II: Market efficiency, information and market failures.

Topic 4: .General equilibrium I: the efficiency of the market economy. The interchange economy. The two fundamental theorems of welfare economics: efficiency and fairness.

Topic 5: production the allocation of production factors and the general equilibrium. The advantages of trade.

Topic 6: Economics of Information I: decisions under uncertainty. Definition and measurement of risk. Expected value, expected utility, the certainty equivalent; attitudes towards risk and the risk premium.

Topic 7: Economics of Information II: Asymmetric information. Basic concepts and classification. Consequences of asymmetric information: adverse selection and moral hazard. Solutions: screening and signalling. Efficiency wages.

15 sessions

- 8 topics
- 7 theoretical lectures
- 7 problem solving and discussion sessions.
- 1. quiz (classroom)
- 7 self-evaluation quizzes (on blackboard)

4. TEACHING-LEARNING METHODOLOGIES-PRACTICAL WORK

4.1. Distribution of credits (in hours)

Number of classroom hours: 48	<ul style="list-style-type: none"> - Number of classroom hours: 45 - Theoretical lectures: 22,5 - Practical classes and seminars: 22,5 - Exams: 3
Number of hours of personal study: 102	<p>Hours of independent study: 102</p> <ul style="list-style-type: none"> • Preparation and completion of exercises. • Tutor marked assignments and activities in the virtual platform. • Preparation of exams.
Total hours 150	

4.2. Methodological strategies, materials and didactic resources

Classwork	<ul style="list-style-type: none"> • Theoretical sessions <p>In these classes the professor, in lecture form, will develop the basic concepts of every topic in the programme. These lectures will guide</p>
------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

	<p>students through the work they need to complete.</p> <ul style="list-style-type: none"> • Practical sessions <p>In which the professor will develop practical examples of the issues and key concepts studied in theoretical lectures. The main aim of these sessions is to complete case studies on the application of the topics discussed in the theoretical sessions. Whenever possible, these practical classes will be take place in the computing classroom in order to have access to the data and information online. The instructor will prepare specific material available for the students: collections of exercises, research and economic policy papers and Internet resources. The students will develop part of their work within the virtual platform: Blackboard, which will improve the access to new contents, homework activities and evaluations and will facilitate the interrelationship among the instructor and students.</p>
<p>Independent Work</p>	<p>Students must read and understand the recommended reading material and any other material that may turn out important throughout the course. They also have to solve practical activities and exercises set in class, etc.</p>
<p>Tutorials</p>	<p>Tutorials are optional for students and they can be carried out individually or in groups. Tutorial of consultation hours will be communicated to the students at the beginning of the course.</p>

5. ASSESSMENT: Procedures, assessment criteria and grading system

Assessment criteria

The assessment criteria for this subject is designed to evaluate the acquisition of general and specific skills and will include both theoretical and practical content covered in class and during the students' personal study.

The student's assessment may follow two possible routes:

1. Continuous assessment along the semester.
2. A final assessment by a single exam (January) and an extraordinary final exam (June).

Both alternatives are detailed here forth:

1. Continuous assessment

This assessment requires students to complete ALL following items:

- A. Hand-in weekly assignments (exercises, essay writing, etc.) that are constructed as practical learning tools. Student's effort more than success will be valued. (10% of the final grade).
- B. Virtual class exercise solving: Students will be provided with self-assessment tools for each topic (only the student will know about results and lecturers will only know who has used the tools).
- C. Two assessment tests through the virtual class environment (10% of the final grade). For each part of the program, before the physical assessment takes place, a virtual test will be due.
- D. Two exams (80% of the final grade). The first exam will cover the topics in sections I and II and the second one will cover those in section III. These assessments will evaluate student's key knowledge of the main topics in the course.
- E. Final exam. This exam covers all topics and will be a final opportunity for those students who have not reached a pass while having followed the complete continuous assessment items (case 1).

Requirements to pass the course through continuous assessment:

Case 1: Students who pass each of the two exams and reach at least 5 points in the continuous assessment weighted grade pass the course and will obtain a grade ranging from Pass to Starred Distinction.

Case 2: Students who, even if having fulfilled all continuous assessment items, are not in case 1, can attend a final continuous assessment exam that covers all topics. Their final grade will be a weighted sum of this final exam (70%) and their continuous assessment grade (A+B+C+D 30%).

Grading System

Grading scale with numerical and qualitative ratings:

0.0-4.9 Fail (Suspendo)

5.0-6.9 Pass (Aprobado)

7.0-8.9 Merit (Notable)

9.0-10 Distinction (Sobresaliente)

9.5-10 Starred Distinction (Matrícula de Honor) (limited to 5% of students in the standard examination session)

2. Final Assessment

Students who choose the final assessment option for this course must take a final exam in June according to the schedule previously established by the Faculty. This exam will contain theoretical and practical questions. In order to pass students must obtain a minimum grade of 5 points.

Clarifications

For any circumstances not referred to in this course description, the regulations governing learning assessment procedures, which were approved by the Governing Council on March 24 2011, will be followed. Students must attend all exams bringing their I.D. and the University's Student Card.

6. READING LIST

Core Reading

Austan Goolsbee. Steven Levitt. Chad Syverson (2012) Microeconomics.

Further reading:

Robert Pindyck & Daniel Rubinfeld Microeconomics, 8/e. Pearson

Daron Acemoglu and David Laibson (2014) Microeconomics. The Pearson Series in Economics.

Austin F. and M. Piper (2014) Microeconomics Made Simple: Basic Microeconomic Principles Explained in 100 Pages or Less

Krugman, P. and Wells, Microeconomics.

Campbell McConnell and Stanley Brue (2014) Microeconomics: Principles, Problems, & Policies (McGraw-Hill Series in Economics).

Michael Parkin (2013) Microeconomics (11th Edition).

Jeffrey M. Perloff (2013) Microeconomics: Theory and Applications with Calculus (3rd Edition) (Pearson Series in Economics)

Hal R. Varian (2014) Intermediate Microeconomics with Calculus: A Modern Approach.