

## 27313 - Microeconomics II

### Información del Plan Docente

<b>Academic Year</b>	2017/18
<b>Faculty / School</b>	109 - Facultad de Economía y Empresa 228 - Facultad de Empresa y Gestión Pública 301 - Facultad de Ciencias Sociales y Humanas
<b>Degree</b>	454 - Degree in Business Administration and Management 448 - Degree in Business Administration and Management 458 - Degree in Business Administration and Management
<b>ECTS</b>	6.0
<b>Year</b>	2
<b>Semester</b>	First semester
<b>Subject Type</b>	Compulsory
<b>Module</b>	---

### **1.General information**

#### **1.1.Introduction**

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 structured in three parts. The first and second parts analyse the aggregate economic behaviour of the agents operating in both perfect and imperfect competitive markets. The third part studies the exchange economy and market failures.

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

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

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

#### **1.3.Context and importance of this course in the 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

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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.

### 1.4. Activities and key dates

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 the websites of the faculties.

Dates of partial exams will be announced in each group in the class and will be published in the Moodle e-learning platform well in advance.

## 2. Learning goals

### 2.1. Learning goals

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.

### 2.2. Importance of learning goals

- 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.

## 3. Aims of the course and competences

### 3.1. Aims of the course

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The expected results of the course respond to the following general aims: The main objectives of the subject are:

- 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.

### 3.2.Competences

#### 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.

#### 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

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

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

Evaluation consists in guaranteeing that the student:

- \* Knows and understands the concepts contained in the course.
- \* Applies the techniques of Economic Analysis correctly.

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\* Selects important information and interprets it appropriately.

\* Expresses his/her reasoning in a clear and orderly manner.

The student will prove the achievement of the expected learning outcomes by means of the following assessment tasks:

**1.- A continuous evaluation assessment that will consist of two written exams** . The first one will make up 50% of the final score and will cover the material in units 1, 2 and 3 only, while the second (50%) will examine units 4, 5 and 6. Each exam will be marked from 0 to 10 and, in order to pass the course, the student must achieve an average equal to or greater than 5 points and also get a minimum score of 3.5 points in each exam.

**Both exams in the continuous assessment will be scheduled in class time during the teaching period, though, in the case of the second exam, it may be held during the special days reserved for these exams after the teaching period and before the final exams period, in the case that this possibility had been allowed by the faculty. The dates and times will be announced in class and in the Moodle e-learning platform of the course well in advance for each group.**

**2.- A final global exam** that evaluates the student's knowledge of the entire course, with a maximum score of 10 points. This global exam will take place in two official sittings.

The final global exam in each official sitting and the two exams involved in the continuous assessment evaluation will consist of written exams containing questions of both theoretical and mixed theoretical and practical types and one or more practical (numerical) problems. Each part will make up between 40% and 60% of the final score. The structure of these exams must be the same for all groups.

**Final score:** if the student passes the continuous assessment evaluation, she also has the opportunity to improve her score by sitting the final global exam at the scheduled date and time, the highest score of the two assessment tasks prevailing.

Following the internal procedural rules of the University of Zaragoza, the assessment of the students in 5<sup>th</sup> and 6<sup>th</sup> official re-sit will be the responsibility of the evaluation board nominated by the faculty but, in any case, the exam structure and marking criteria must fulfill the requirements established in this guide.

The students in 5<sup>th</sup> and 6<sup>th</sup> official re-sit will be subject to the rules established in the "*Reglamento de Normas de Evaluación del Aprendizaje de la Universidad de Zaragoza*" (Consejo de Gobierno, Acuerdo de 23 de diciembre de 2010).

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

### 5.1. Methodological overview

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

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done in smaller groups to facilitate the participation of each student.

3. The use of the on-line course for each group in the e-learning platform Moodle.

### **5.2.Learning tasks**

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

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.

### **5.3.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

**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

### 5.4.Course planning and calendar

The calendar of lectures and practical classes will be made available in the faculty's website. The dates for essays submissions and other activities in the continuous assessment evaluation will be communicated by the lecturers of each group in the class and also through the e-learning platform Moodle of the Universidad de Zaragoza.

### 5.5.Bibliography and recommended resources

[BB: Bibliografía básica / BC: Bibliografía complementaria]

<b>BB</b>	Pindyck, Robert S. : Microeconomía / Robert S. Pindyck, Daniel L. Rubinfeld ; traducción y revisión técnica, Esther Rabasco Espáriz . - 8ª ed. Madrid : Pearson Educación: Prentice-Hall, 2013
<b>BC</b>	Frank, Robert H.. Microeconomía

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