

30608 - Microeconomics I

Syllabus Information

Academic Year: 2019/20

Subject: 30608 - Microeconomics I

Faculty / School: 109 - Facultad de Economía y Empresa

Degree: 432 - Joint Law - Business Administration and Management Programme

ECTS: 6.0

Year: 2

Semester: First semester

Subject Type: Compulsory

Module: ---

1.General information

1.1.Aims of the course

The expected results of the course respond to the following general aims

- 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.

1.2.Context and importance of this course in the degree

Microeconomics II, together with Microeconomics I, conform a full course of intermediate microeconomic theory. It provides the basic tools to study economic reality from the perspective of economic analysis and therefore it plays a crucial role for understanding subsequent courses in the degree.

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 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.

1.3.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.

2.Learning goals

2.1.Competences

After completing the course, the student will be competent in the following skills:

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

2.2.Learning goals

The student, in order to pass the course, will have to show her/his competence in the following skills:

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.

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.

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.

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.

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)

Learn autonomously and produce written reports according to established guidelines.

2.3.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.Assessment (1st and 2nd call)

3.1.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.

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. The students who decide not to take these exams or do not achieve the minimum required score in them can always pass the course by sitting at the final global exam.

2.- A final global exam that evaluates the students 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 5th and 6th 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 5th and 6th 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).

4. Methodology, learning tasks, syllabus and resources

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

4.2. Learning tasks

The programme 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.

4.3. Syllabus

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

Part II: Market Power

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

Part III: Exchange economies: information, market failures and the role of government

Lesson 6. General competitive equilibrium and welfare

- 6.1. General equilibrium analysis
- 6.2. Efficiency in exchange
- 6.3. General equilibrium with production: welfare theorems
- 6.4. Why markets fail?

Lesson 7. Market failures

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

4.4.Course planning and calendar

Calendar of actual sessions and presentation of works

It has been estimated that a student will spend an average of 150 hours of effective work for optimally preparing this course. These hours include both class-work and attendance and homework/exam preparation. The student is strongly recommended to distribute this preparation time evenly throughout the term.

Timetable

	HOURS OF ATTENDANCE			HOURS OF PERSONAL WORK	This course is offered during the first semester, which runs between September and January. The official timetable for the final
	Theory	Practice	P6		
LESSON 1	2 hours	1 hours	0 hours	2 hours	
LESSON 2	6 hours	6 hours	2 hours	17 hours	
LESSON 3	6 hours	6 hours	2 hours	17 hours	
LESSON 4	6 hours	6 hours	1 hours	17 hours	
LESSON 5	5 hours	6 hours	1 hours	17 hours	

LESSON 6	3 hours	3 hours	0 hours	8 hours	exams can be found on: http://fecem.unizar.es/secretaria/horarios_examenes.html Dates of partial
LESSON 7	2 hours	2 hours	0 hours	6 hours	
Total	30	30	6	84	

exams will be announced in each group and dates of final exam can be found on:

http://fecem.unizar.es/secretaria/horarios_examenes.html

4.5. Bibliography and recommended resources