

Academic Year/course: 2021/22

27424 - Microeconomics IV

Syllabus Information

Academic Year: 2021/22

Subject: 27424 - Microeconomía 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

2. Learning goals

3. Assessment (1st and 2nd call)

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.

The teaching methodology is planned for face-to-face classes. However, if necessary for health reasons, teaching could be delivered on line or in a blended way.

4.3. Syllabus

Part I Introduction to Game Theory

Unit 1. Game Theory I: Simultaneous games

- 1.1. Introduction.
- 1.2. Strictly dominated strategies
- 1.3. Nash equilibrium
- 1.4. Nash equilibrium: Properties.
- 1.5. Mixed strategies

Unit 2. Game Theory II: Dynamic games

- 2.1. Dynamic games with perfect information.
- 2.2. Dynamic games with imperfect information.

Part II Oligopoly Theory

Unit 3. Static Models of Oligopoly

- 3.1. Introduction
- 3.2. Concentration and market power
- 3.3. Competition with capacity constraints: Edgeworth model.
- 3.4. Competition with differentiated product: Hotelling model
- 3.5. Market power and sales
- 3.6. Market power: advertising and search.

Unit 4. Dynamic models of Oligopoly

- 4.1. Repeated interaction and collusion
- 4.2. Dominant position and antitrust law
- 4.3. Barriers to entry and dominant firms

Part III Economics of Information

Unit 5. Asymmetric Information

- 5.1. Introduction
- 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