

## 27420 - Microeconomics III

### Syllabus Information

**Academic year:** 2023/24

**Subject:** 27420 - Microeconomics III

**Faculty / School:** 109 - Facultad de Economía y Empresa

**Degree:** 417 - Degree in Economics

**ECTS:** 6.0

**Year:** 3

**Semester:** First semester

**Subject type:** Compulsory

**Module:**

### 1. General information

The objective of the subject is twofold. On the one hand, the knowledge acquired in the intermediate microeconomics subjects, such as the theory of demand from the dual approach, is expanded.

On the other hand, the analysis of competitive general equilibrium is approached, studying the properties of existence, uniqueness, stability and efficiency of the equilibrium

In addition, situations where markets do not provide efficient allocations, giving rise to market failures, are analysed, and fundamental issues of welfare economics and social choice theory are studied.

These approaches and objectives are aligned with the Sustainable Development Goals (SDGs) of the 2030 Agenda of United Nations (<https://www.un.org/sustainabledevelopment/es/>). Specifically, the activities planned in the subject will contribute to the achievement of the objectives:

Goal 4: Quality Education.

Goal 12: Sustainable production and consumption.

Goal 16: Peace and justice.

### 2. Learning results

In order to pass this subject, the students shall demonstrate they has acquired the following results:

- a. Understands and correctly applies the method of economic analysis for the study of different economic phenomena.
- b. Describes and adequately interprets the behaviour of individual economic agents and knows the analytical tools that allow quantifying variations in individual welfare.
- c. It is able to explain and predict the outcome of the interaction of economic agents in a perfectly competitive context and derives the fundamental properties of competitive general equilibrium.
- d. Deduces and correctly interprets the normative properties of competitive equilibrium and knows the analytical foundations of welfare economics and social choice theory.
- e. Identifies the so-called market failures and knows how to apply in each case the corrective measures that allow the recovery of efficient allocations.

### 3. Syllabus

#### Unit 1. Duality in consumer theory

- 1.1- Hicksian demand functions.
- 1.2- Indirect utility function and expense function.
- 1.3- Shephard's lemma, Roy's identity and Slutsky's equation.
- 1.4- Restrictions on demand functions and integrability.

#### Unit 2. Variations in prices and individual welfare

- 2.1- Consumer surplus, equivalent and compensatory variations.
- 2.2- Price indexes and true cost of living indexes.

#### Unit 3. Walrasian equilibrium

- 3.1- Graphic and formal analysis.
- 3.2- Existence, uniqueness and stability of equilibrium.

#### Unit 4. Competitive general equilibrium in economies with production

- 4.1- Graphic analysis.
- 4.2- Marginal equilibrium conditions.

## **Unit 5. Normative properties of competitive general equilibrium**

- 5.1- Efficiency in the Pareto sense.
- 5.2- Compensation criteria.
- 5.3- Fairness and equity.

## **Unit 6. Market failures**

- 6.1- Public assets.
- 6.2- Externalities.
- 6.3- The role of the public sector.

## **Unit 7. Introduction to social choice.**

- 7.1- Social welfare functions.
- 7.2- The impossibility theorem.

## **4. Academic activities**

The learning process that has been designed for the subject is based on the following:

Lectures: 30 hours.

Practical classes: 30 hours.

Personal Study: 86 hours.

Assessment tests. 4h (2 hours outside class hours).

In the participative master classes, the teacher will explain the fundamental contents of the program.

Practical exercises will be solved in the practical classes. The group will be split in order to encourage the participation of the students.

Personal study will be complemented with the recommended bibliography and the use of the Moodle teaching platform (), where teaching materials will be provided and communication with students will be maintained (<https://moodle2.unizar.es/add/>).

The teaching and its evaluation will be carried out in a face-to-face basis. However, if circumstances require it, may be carried out online.

## **5. Assessment system**

Students must demonstrate that they have achieved the intended learning results by means of the following assessment activities

### **- A continuous evaluation consisting of two tests:**

A first test, which will account for 50% of the final grade, in which the material corresponding to topics 1, 2, and 3 will be evaluated. A second test, which will represent another 50% of the final grade, in which the contents of topics 4, 5, 6 and 7 will be evaluated.

Both tests will consist of theoretical, theoretical-practical questions and practical exercises, and will be evaluated out of 10 points. In order to pass the subject, an average grade equal to or higher than 5 points must be obtained, having obtained a minimum grade of 3.5 points in each of the two tests.

While the first test will be held during class hours, the second test will be held on the days set aside for this purpose by the centre before the exam period . Dates will be announced well in advance in class and will be posted on each group's Moodle teaching platform.

### **- A global test in which the totality of the subject taught will be evaluated.**

This global test will be held in the two official calls, on the dates approved by the centre. The test will consist of questions of a theoretical, theoretical-practical nature and practical exercises, and will be evaluated out of 10 points. To pass the subject it will be necessary to obtain at least 5 points.

### **Final grade:**

In case of passing the continuous evaluation, the student who would like to improve their grade will have the right to take the overall exam in the official call, prevailing, in any case, the best of the grades