

## 27613 - Microeconomics II

### Syllabus Information

**Academic year:** 2024/25

**Subject:** 27613 - Microeconomics II

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

**Degree:** 450 - Degree in Marketing and Market Research

**ECTS:** 6.0

**Year:** 2

**Semester:** First semester

**Subject type:** Compulsory

**Module:**

### 1. General information

The main goal of this subject is for students to learn the theoretical basis of the structures and functioning of competitive and imperfect competition markets. Knowledge of economic efficiency and welfare theory . Design and evaluation of economic policies and analysis of the consequences of their implementation.

In order to be able to achieve the learning results pursued in this course, it is highly recommended that students have passed subjects such as Mathematics I and II and Microeconomics I have already passed subjects such as Mathematics I and II and Microeconomics I.

### 2. Learning results

The student, in order to pass this subject, must demonstrate the following results...

- Describe, identify and explain the structure of markets according to the type of competition that exists, whether short or long term, and the theoretical foundations of the functioning of markets, identifying the behaviour of the economic agents involved and using correctly and accurately the basic language of an economist.
- Pose and solve the equilibrium of a market through verbal reasoning, graphical representations and mathematical analysis (calculus and elementary algebra), for different time horizons and different market structures, at an intermediate microeconomics level. Be able to calculate the surplus of economic agents and the level of social welfare linked to this equilibrium.
- Predicting and quantifying how equilibrium and welfare would change in the face of variations in agent behavior (comparative statics), at an intermediate microeconomics level.
- Develop normative analyses, design government intervention measures (economic policy), and predict and quantify the changes that these would produce in the equilibrium of markets and the level of welfare, at an intermediate microeconomy level.
- Recognise the importance of competitive general equilibrium analysis and its implications for the efficiency of markets, and analyse the economic and welfare consequences of the presence of various market failures (asymmetric information, externalities and public goods).
- Prepare written reports according to established guidelines, in order to develop autonomous learning.

### 3. Syllabus

UNIT 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 structures

Part I: Theory of Competitive Markets

UNIT 2: Equilibrium in the competitive market

2.1- Characteristics of Competitive Markets

2.2- Marginal revenue and cost. The demand curve faced by the company

- 2.3- Profit maximization and short-run supply curve
- 2.4- Short-term competitive market equilibrium
- 2.5- Long-term individual supply curve
- 2.6. Long-term market equilibrium
- UNIT 3: Analysis of competitive markets
- 3.1- Consumer and producer surplus
- 3.2- Welfare: the efficiency of a competitive market
- 3.3- State intervention through price controls and production quotas
- 3.4- State intervention through taxes and subsidies.
- 3.5- International trade and tariffs
- 3.6- Overall balance: Welfare Theorems
- Part II: Non-competitive markets and market failures
- UNIT 4: Monopoly Theory
- 4.1- Introduction: market power
- 4.2- Monopoly equilibrium and monopoly power
- 4.3- Welfare: the social costs of monopoly power
- 4.4- State intervention: taxes, subsidies and regulation
- 4.5- Pricing with market power
- UNIT 5: Oligopoly theory
- 5.1- Oligopoly and strategic interdependence
- 5.2- Introduction to Game Theory: Nash equilibrium
- 5.3- Simultaneous competition in quantities: the Cournot model
- 5.4- Simultaneous price competition: Bertrand's paradox
- 5.5- Solutions to Bertrand's paradox: product differentiation and collusion
- 5.6- Sequential competence: the Stackelberg model
- 5.7- Welfare
- UNIT 6. Market failures
- 6.1- Markets with asymmetric information
- 6.2- Externalities and their correction
- 6.3- Common property resources
- 6.4- Public goods.

#### 4. Academic activities

Master classes: 30 hours

Practical classes: 30 hours

Personal Study: 88 hours

Assessment tests. 2 hours

6 ECTS = 150 hours

In principle, the teaching methodology and its evaluation is planned to be based on face-to-face classes . However, if circumstances so require, they may be carried out online.

The learning process designed for this course is based on participatory lectures where the fundamental content of the subject will be explained, as well as practical classes. In these, students will solve practical exercises under the supervision of the professor.

Additionally, several questionnaires will be made available to students, which will be uploaded to Moodle at the end of each topic to reinforce their learning.

#### 5. Assessment system

The student can choose between two assessment systems:

##### **Continuous assessment**

It will consist of two written tests. In the first one, which will account for 50% of the overall grade, only the subject corresponding

to topics 1, 2 and 3 of the course syllabus will be evaluated. In the second one, only the subject corresponding to topics 4, 5 and 6 will be evaluated. Each test will be graded out of 10 points. In order to pass the subject, the student must obtain an average of 5 points or more, having obtained a minimum grade of 3.5 points in each of the two tests.

### **Global assessment**

Evaluation will be out of 10 points. This comprehensive test will take place during both official exam periods.

The comprehensive test, as well as the two tests from continuous assessment, will consist of a written exam comprising a series of theoretical multiple-choice questions or open-ended questions (accounting for 40 to 60% of the total score) and practical exercises.

Final grade: In the event of passing the continuous assessment, a student wishing to improve their grade will have the right to take the comprehensive test during the official exam period, with the better of the two grades prevailing.

### **Assessment Criteria:**

In all tests, the student must demonstrate that their understanding of the subject has provided them with the appropriate level for solving the microeconomic problems posed, both in theoretical and practical terms

## **6. Sustainable Development Goals**

- 4 - Quality Education
- 12 - Responsible Production and Consumption
- 16 - Peace, Justice and Strong Institutions