



# COURSE SYLLABUS

**EC1020 - Microeconomics**

Academic year 2012/2013

**Degree:** Bachelor's Degrees in EC/FC/AE

# 1. General information

**Department:** Dept. of Economics

**Area of knowledge:** Foundations of Economic Analysis

**Type:** Compulsory

**Year:**2

**Semester:** 2

**Credits:** 6

**Language(s) of teaching:** English, Spanish

**Professor:** M<sup>a</sup> Aurora García Gallego

**Class schedule:** See the LLEU guide

## 2. Introduction

Microeconomics is one of the two blocks in which Economic Theory is divided: Macroeconomics and Microeconomics. In particular, Microeconomics studies the behavior of individual economic agents, such as consumers and firms.

This course is a natural continuation of the first year course "Introduction to Microeconomics" and, in this sense, its content completes what constitutes an intermediate Microeconomics course. Microeconomics analyses how the interaction of the behavior of agents generates the equilibrium prices and quantities in the different market structures (competitive and no competitive). In this course, we study the perfect competition market structure and also we exhaustively review several market structures with imperfect competition. In particular, we analyze. In particular, we obtain the equilibrium prices and quantities for each structure, paying special attention at the comparative statics among the different market structures. We pay special attention to the questions derived from the lack of competition and its effects from the efficiency point of view. In addition to that, a chapter of the program is dedicated to the market of inputs.

Given that Microeconomics is a very analytical topic, one of the main objectives of the course is to make possible for the student to find a quantitative answer to

the economic problems under analysis. To do that, it is necessary to offer the student a good theoretical as well as practical background. The ability to manage some specific tools for the resolution of specific economic problems is crucial in Microeconomics.

### 3. Recommended background knowledge

It is advisable to have passed the course of Introduction to Microeconomics. Additionally, some knowledge of mathematics related to economic analysis is required. For example, the solving of equations, simultaneous equations, differential calculus or function analysis as well as the use of graphical analysis.

## 6. Course Outline

### PART I. PERFECT COMPETITION

#### CHAPTER 1. THE MARKET OF PERFECT COMPETITION

- 1.1. Concepts and characteristics of perfect competition
- 1.2. The firm supply and market supply
- 1.3. Market equilibrium in the short run
- 1.4. Market equilibrium in the long run

### PART II. IMPERFECT COMPETITION

#### CHAPTER 2. NON COMPETITIVE MARKETS: MONOPOLY

- 2.1. Characteristics of a monopoly and decision making of the monopolist
- 2.2. Monopoly inefficiency
- 2.3. Natural monopoly
- 2.4. Price discrimination

#### CHAPTER 3. NON COMPETITIVE MARKETS: OLIGOPOLY

- 3.1. Strategic interaction
- 3.2. Quantity competition: The Cournot duopoly
- 3.3. Price competition: The Bertrand paradox
- 3.4. Leadership in the choice of quantity: Cournot-Stackelberg duopoly
- 3.5. Collusion: Competition vs. cooperation
- 3.6. Generalization to N firms: Cournot oligopoly
- 3.7. Market equilibrium in the long run with N firms
- 3.8. Product differentiation: Cournot vs. Bertrand competition with product differentiation
- 3.9. Monopolistic competition: Short run and long run equilibrium

## PART III. INPUT MARKETS

### TEMA 4. DEMAND AND SUPPLY IN AN INPUT MARKET

- 4.1. Individual and market demand for inputs
- 4.2. Individual and market supply for inputs
- 4.3. Market equilibrium in a perfect competitive input market
- 4.4. Monopsony
- 4.5. Bilateral monopoly

## 7. Bibliography and additional resources

### 7.1. Basic bibliography

*The bibliography that is recommended for preparing the course is the following:*

- **Pindyck, R. S. and Rubinfeld, D. L.**, *Microeconomics*, 7<sup>a</sup> Ed. Editorial Prentice Hall. This is one of the most recommended textbooks and its structure allows the student for preparing all the topics of the course in an independent way.

- **Pashigian, P. B.** (1995): *Price theory and applications*, McGraw-Hill.

- **Varian, H. L.**, *Intermediate Microeconomics: A Modern Approach*, 8th Ed., W. W. Norton & Company • New York • London

- **Mankiw, G.**, *Principles of Economics*, 3<sup>a</sup> Ed., Editorial McGraw-Hill.

- **Samuelson, P. A. y Nordhaus, W. D.**, *Microeconomía*, 18<sup>a</sup> Ed., Editorial McGraw-Hill.

*Bibliography recommended for solved exercises:*

- **García Gallego, A. y Georgantzís, N.** (1998): *Microeconomía II (A24)* Cuaderno de ejercicios y apuntes.

- **Congregado y otros** (2002): *Microeconomía, cuestiones y problemas resueltos*, editorial Prentice Hall.

### 7.2. Complementary bibliography

Other manuals (in Spanish) that are excellent for the preparing of the Microeconomics course are the following:

-**Walter Nicholson, W.**, Microeconomía Intermedia y Aplicaciones, (Editorial International Thomson), 9ª Edición, 2006.

-**Sloman, J.**, Introducción a la Microeconomía, 3ª Edición, Editorial Prentice Hall

## 8. Teaching methodology

- **Theoretical plenary lectures and “tutoría classes”:** In the theoretical classes, the professor explains the main concepts that are detailed in the program of the course, incorporating also some exercises and practical examples when advisable. Given that the time dedicated to this part is very limited, the student should read in advance, before the class takes place, the bibliography recommended. In order to easily follow the contents of the theoretical lectures, the professor, before each lecture, provides students with useful material of the course at the university electronic system "Aula Virtual". The “tutoría classes” will be dedicated to solve doubts and exercises.
- **Practical lectures:** In a practical lecture, the professor proposes to the student the solving of exercises included in questionnaires that are at the "Aula Virtual" at the students' disposal. These lectures are useful for the student's understanding of the theoretical concepts and the growing of his/her analytical and logical capacity for solving specific economic problems.
- **Laboratory lectures:** In these lectures, the professor asks for the participation of the student in experimental session at the lab. The student then analyzes and discussed the results obtained from the experiment. To do that, students are asked to complete a questionnaire available at the Aula Virtual after each lab lecture. The main aim of these lectures is not only to improve the student's understanding for the theoretical lectures, but also his/her development of the student's analytical and reasoning abilities.

## 9. Activity planning

<b>Activities</b>	<b>Classroom hours</b>	<b>Non-classroom hours</b>
Theory	22.5	0
Practice (problems)	7.5	0
Practice (laboratory)	15	0

Tutorials	3	0
Assessment	2	0
Personal work	0	70
Exam preparation work	0	30
	<b>50</b>	<b>100</b>
<b>Total hours (no. credits × 25).</b>	150	

## 10. Learning assessment

### 10.2. Assessment criteria

A) To pass the Microeconomics course, it is necessary to get, globally, at least a 5.

B) In order to be evaluated, the student must perform the final exam.