

Name: Microeconomics III (2400-PP2MI3a)

Name in Polish:

Name in English: Microeconomics III

Information on course:

Course offered by department: Faculty of Economic Sciences

Course for department: Faculty of Economic Sciences

Term: Winter semester 2019/20

Cordinator of course edition: dr hab. Marek Giergiczny

Default type of course examination report:

Examination

Language:

English

Short description:

The aim of the course is to familiarize students with the fundamentals of microeconomics and its application to social sciences. The principal topics covered in the course are: market equilibrium, market failures, the role of government (intervention), externalities, public goods, information, welfare economics.

Description:

The aim of the course is to familiarize students with selected topics from the field of microeconomics (chapter numbers below relate to Varian 2010, 8th edition), i.e. to: explain the concept of partial equilibrium in the final goods market (ch. 16); describe the topics connected with government intervention (including different forms of taxes, tariffs, subsidies, price limits and quantity restrictions) and their influence on prices, sales, consumer and producer surplus, economic efficiency (ch. 16); introduce fundamental concepts and tools of welfare economics – the pure exchange model, the concept of general equilibrium, the Edgeworth Box, Walras' Law, theorems of welfare economics (ch. 31); discuss production and the First Theorem of Welfare Economics, production and the Second Theorem of Welfare Economics, comparative advantage, Pareto efficiency (ch. 32); explain the concept of preference aggregation, social welfare function, welfare maximization (ch. 33); explain the concepts of externalities, market failures, internalization of externalities (including the Pigouvian tax) (ch. 34); describe the concepts of public goods and club goods, free riding, the Vickrey-Clarke-Groves voting mechanism, examples of VCG mechanisms, problems with the VCG mechanism (ch. 36); introduce the fundamental topics concerning asymmetric information (ex ante and ex post), the concept of incentive compatibility, the principal-agent model (ch. 37).

Bibliography:

Required readings:

Varian Hal R. (2010), Intermediate Microeconomics. A Modern Approach, 8th ed. (or more recent editions)

Additional readings:

Borland, Jeff (2008). Microeconomics: case studies and applications. Cengage Learning.

Mansfield, Edwin and James Peoples (2003). Microeconomics Theory and Applications + Microeconomic Problems: Case Studies and Exercises for Review, W.W. Norton.

Laidler, D. i S. Estron (1989), Introduction to Microeconomics, Pearson Higher Education (or more recent editions). Pindyck, R.S. i D.L.

Rubinfeld (2004), Microeconomics, Prentice Hall.

Learning outcomes:

Upon completion of the course the student:

understands the concept of partial equilibrium in the final goods market and in the factor market;

knows the most important instruments of government intervention in the market, understands their influence on prices, sales, consumer and producer surplus, as well as budget revenue;

knows and understands Walras' Law and the theorems of Welfare Economics, as well as the main conclusions stemming from them; has knowledge concerning the functioning of motivational taxes correcting for market failures; knows the concepts of adverse selection, signaling and screening, moral hazard, participation constraint and incentive compatibility constraint;

can interpret economic phenomena with relation to changes in demand and supply functions, prices and quantities of goods which are traded in market transactions; can solve typical problems for equilibrium prices and quantities, surpluses, efficiency and budget revenue under various assumptions regarding the market structure;

can develop and present economic argumentation in oral and written form; can select the appropriate economic instruments for achieving certain goals; can foresee the influence of applying these instruments on social welfare and its redistribution; can define the difference between an efficient and a fair distribution of resources;

can analyze relationships in the labor market with different market structures and the effect of applying various economic instruments on unemployment rate; can analyze basic general equilibrium models and formulate conclusions from Walras' Law and theorems of Welfare Economics; can identify market failures such as externalities and public goods, as well as efficiency losses resulting from them, and is able to formulate suggestions of ways of constraining them; can solve basic models with asymmetric information, including the principal-agent model;

can indicate differences between various social choice methods, as well as their strengths and weaknesses.

Assessment methods and assessment criteria:

The final grade is calculated on the basis of a weighted average of the scores received for the following elements (weights in brackets):

- a) active participation in class [20%]
- b*) participation in a debate in class [10%]
- c**) written paper [10%]
- d) final test (exam) – 30 questions [60%]

Component b*) is executed in small teams, decisions concerning teams' composition are in the hands of the lecturer.

Component c**) is executed individually or in two-person teams.

In order to pass the course it is required to obtain at least 50% of the maximum exam score (d) AND at least 50% of the maximum total score.

In the retake session it is allowed to retake the exam, as well as resubmit the written paper.

Resubmitting the written paper requires fulfilling the following criteria:

- in the regular session the paper did not obtain a "pass" grade (the "pass" threshold is 5 points) or was not submitted,
- the paper must be on a new topic,
- the topic of the paper must be approved by the lecturer,
- the new result invalidates the old one,
- the paper must be submitted by the end of the retake session.

Type of course

obligatory courses

Prerequisites (description)

Microeconomics Part I, Microeconomics Part II,
Mathematical Analysis

Information on course edition:

Default type of course examination report:

Examination

Bibliography:

missing bibliography in English

Details of classes and study groups

Seminar (30 hours)

Study groups details

Group number 1

Class instructors:

dr Ewa Zawojcka

Equivalent courses in various terms:

Economics, full time, first cycle (S1-EK)

Equivalent course	First term	Last term
Microeconomics III (2400-FIM2MI3)	2015	

Element of course groups in various terms:

Course group description	First term	Last term
Mandatory courses for II-year, 1st cycle students of Economics - collective courses (2400-PL-PP2)	2008	
Specialization courses for II-year, 1st cycle students of Economics of Enterprise (2400-PL-EP2)	2008	
Specialization courses for II-year, 1st cycle students of Information Technology and Econometrics (2400-PL-IIIE2)	2008	
Specialization courses for II-year, 1st cycle students of Finance and Accounting (2400-PL-FIIR2)	2008	
<i>missing group description in English</i> (2400-PL-EM2)	2009	
English-language course offering of the Faculty of Economics (2400-EN-OFFER)	2010	
<i>missing group description in English</i> (2400-PL-MSEM2)	2013	

Course credits in various terms:

<without a specific program>			
Type of credits	Number	First term	Last term
European Credit Transfer System (ECTS)	6	2016	