

Microeconomics (part C)

dr Olga Kiuila

Lecture: 30 hours + Classes: 30 hours

Spring semester

Course Description:

The purpose of the course is to provide students with understanding of how microeconomic foundations are used in modern social sciences. Final exam (test) will consist of problems and exercises similar to those solved in classes, during lectures, and described in textbook.

Grading will be based on the following two elements:

1. Final exam given at the end of the course (60%),
2. Class work evaluated by Teaching Assistants (40%).

Course outline:

1. PARTIAL EQUILIBRIUM ANALYSIS (COMMODITY MARKET)
comparison of perfect competition with monopoly and oligopoly; surpluses analysis; slope; waiting in line and efficiency [V: 16.1-16.5, 16.9]
2. GOVERNMENTAL INTERVENTION IN A MARKET
indirect taxes, passing along a tax, subsidies, quantity restrictions, min & max price restriction, social cost [V: 16.6-16.8, P: 2.7, 9.4-9.6]
3. PARTIAL EQUILIBRIUM ANALYSIS (FACTOR MARKETS) [V: 25]
4. LABOUR SUPPLY [P: 17.6]
5. GENERAL EQUILIBRIUM ANALYSIS (WALRAS MODEL, EDGEWORTH BOX) [V: 28.1-28.8]
6. WELFARE ECONOMICS [V: 28.9-28.13, 29.7-29.8, 30]
7. THE ROBINSON CRUSOE ECONOMY (COMMODITY AND FACTOR MARKETS) [V: 29.1-29.5, 29.9-29.14]
8. EXTERNALITIES; MARKET FAILURE IN THE PRESENCE OF EXTERNALITIES [V: 31.1, 31.3, 31.5, 31.7]
9. PIGOVIAN TAX; COASE THEOREM [V: 31.2, 31.4]
10. PUBLIC AND CLUB GOODS; MARKET FAILURE IN THE PRESENCE OF PUBLIC GOODS [V: 34.1-34.8, 31.6]
11. REVELATION MECHANISM (GROVES-CLARKE TAX) [V: 34.9-34.10]
12. ASYMMETRIC INFORMATION (ADVERSE SELECTION, MORAL HAZARD, MARKET FOR LEMONS) [V: 35.1-35.5]
13. ASYMMETRIC INFORMATION (SIGNALING) [V: 35.6]
14. PRINCIPAL-AGENT PROBLEMS, INCENTIVE COMPATIBILITY, EXPERIMENTAL ECONOMICS [V: 35.7-35.8]
15. SUMMARY

Readings:

Required:

Varian H.R. (2002), *Intermediate Microeconomics. A Modern Approach*, Norton [V]

Suggested:

Laidler D., S.Estrin (1989), *Introduction to Microeconomics*, Pearson Higher Education
Pindyck R.S., D.L.Rubinfeld (2004), *Microeconomics*, Prentice Hall [P]

