SUBJECT TEACHING GUIDE

G934 - Microeconomics III

DOUBLE DEGREE IN ADMINISTRATION AND BUSINESS MANAGEMENT AND ECONOMICS
Degree in Economics
Academic year 2023-2024

1. IDENTIFYING DATA			
Degree	DOUBLE DEGREE IN ADMINISTRATION AND BUSINESS MANAGEMENT AND ECONOMICS	Type and Year	Compulsory. Year 3 Compulsory. Year 3
Faculty	Faculty of Economics and Business Studies		
Discipline	Subject Area: Microeconomics Module: Training in Economic Analysis		
Course unit title and code	G934 - Microeconomics III		
Number of ECTS credits allocated	6	Term	Semester based (1)
Web	https://moodle.unican.es/login/index.php		
Language of instruction	Spanish	English Friendly	Yes	Mode of delivery	Face-to-face

Department	DPTO. ECONOMIA
Name of lecturer	RAMON NUÑEZ SANCHEZ
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Office	Edificio de las Facultades de Derecho y Ciencias Económicas y Empresariales. Planta: + 1. DESPACHO RAMON NUÑEZ SANCHEZ (E112)
Other lecturers	

3.1 LEARNING OUTCOMES

- Understanding the difference between the partial equilibrium models, seen in the previous courses, and the general equilibrium models, which takes into account the interdependence of markets and the formation of optimal prices. .

- Analyze the economic theory of welfare, taking into account aspects such as the efficiency of resource allocations, equity, or the difficulty in aggregating individual preferences of economic agents .

- Reasoning under what conditions markets are not efficient mechanisms in the allocation of goods and/or inputs .

- Understand in which conditions the performance of public sector might correct inefficient allocations generated by free markets.

- Analyze the role of uncertainty in the decision making process of individual agents (firms and consumers) and the different risk attitudes that they can take.

- Understanding the different mechanisms to reduce economic risk.

4. OBJECTIVES

Know the main theories and economic analysis approaches to be able to explain the behavior of economic agents in a microeconomic level.

Know how public institutions and fiscal policies work in order to plan the decision making of economic agents.

Know the performance and regulation of product and factor markets at national and international level, as well as the determinants of the generation of income and wealth, in order to choose the input sets that best suit the objectives pursued.

6. COURSE ORGANIZATION	
CONTENTS	
1	PREFERENCES, UTILITY FUNCTION, TECHNOLOGY AND FUNCTION OF PRODUCTION 1.1. Consumer preferences. Axioms of consumer preference. 1.2. Analysis of consumer behavior: the utility maximization. 1.3. Description of technology. The production function.
2	GENERAL EQUILIBRIUM IN A PURE EXCHANGE ECONOMY 2.1. Pure exchanged model. 2.2. Walras law in a pure exhange economy. 2.3. Efficiency and equity. An introduction to welfare economics.
3	GENERAL EQUILIBRIUM WITH PRODUCTION 3.1. General equilibrium model with production. Exogeneity of input endowment. 3.2. General equilibrium model with production. The economy of a representative agent.
4	EXTERNALITIES AND PUBLIC GOODS 3.1. Market inefficiency in the presence of externalities. 3.2. The tragedy of the commons . 3.3. Efficient provision of a public good. 3.4. The problem of the free-riders.
5	DECISION UNDER UNCERTAINTY 4.1. Definition of lottery and cardinal utility function . 4.2. Expected utility theory. 4.3. Measures of risk aversion. 4.4. Strategies for reducing economic risk: aggregation, diversification and diffusion.
6	APPLICATIONS FOR THE THEORY OF DECISION UNDER UNCERTAINTY 5.1. Decision analysis under uncertainty using indifference curves . 5.2. Assurance decision model. 5.3. The mean-variance criterion. 5.4. Selection model portfolio for financial assets.
7	INFORMATION ECONOMICS 6.1 . Asymmetric information. 6.2 . Adverse selection problem. Signalling. 6.3 . Moral hazard problem. Principal-agent model.

7. ASSESSMENT METHODS AND CRITERIA

Description	Type	Final Eval.	Reassessn	%
The final exam in the ordinary call will consist of theoretical/practical questions of the topics covered in this course: general equilibrium, externalities and public goods, decision under uncertainty and economics of information.	Written exam	Yes	Yes	50,00
The partial exam will consist in questions related to the first two topics: general equilibrium and externalities and public goods.	Written exam	No	Yes	50,00
TOTAL				100,00

Observations

Students who have not passed the subject in the ordinary call, are entitled to attend the extraordinary call. In this case, a written exam will account the 100 % of the total evaluation.
The final exam of the ordinary call will consist of theoretical questions or exercises of the different topics seen along this course.

Observations for part-time students

The part-time students will undergo a single assessment process that will involve the completion of a written exam, covering all the contents of the subject, and will account for 100 % of the evaluation.

8. BIBLIOGRAPHY AND TEACHING MATERIALS

BASIC

Varian, H. (2015): Microeconomía Intermedia, 9ª Edición, Editorial Antoni Bosch, Barcelona.

Varian, H. (2015): Ejercicios de microeconomía intermedia, 9ª Edición, Editorial Antoni Bosch, Barcelona.

Apuntes del profesor habilitados en espacio virtual Moodle de la asignatura.