

**Course Syllabus**

**Microeconomic Theory II**

**The Hashemite University, Faculty of Economics and Administrative Sciences**

**Department of Economics**

**2nd Semester, 2013-2014**

***Course Identification***

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| **Course Title** | **Microeconomic Theory II** |
| **Course Number** | **0110201311** |
| **Prerequisites** | **0110201211** |
| **Providing Department** | **Economics Department** |
| **Sections Number** | **1** |
| **Accredited Hours** | **3 credit hours** |
| **Lectures Location** | **Econ 311** |
| **Class Times** | **9:20-10:30**  |

***Instructor Information***

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| **Instructor** | **Dr. Ahmad Alwaked** |
| **Office Location** | **Econ. 304**  |
| **E-mail** | **aalwaked@hu.edu.jo** |
| **office Hours** | **By appointment** |
| **Telephone** | **(05) 3903333 Ext: 4189** |
| **Faculty Web Page** | **http://staff.hu.edu.jo/aalwaked** |

**Course Description:**

 This course aims to provide students with a theoretical background concerning the definitions and fields of economics; the characteristics of different market structures such as perfect competition, monopoly, oligopoly and monopolistic competition. It also addresses why one should study economics and provides students with detailed information about general equilibrium and economic welfare, pricing, production and costs as well as input markets, uncertainty and externalities. Finally, this course should enable students to move to advanced microeconomics applications smoothly.

**Course Objectives: Learning Outcomes:**

The main objectives of this course are to help students to understand what microeconomics is all about by providing students with the basic knowledge concerning the main topics in microeconomic theory especially with regard to market structure and market power, factor markets and uncertainty. This general objective will be achieved through the following learning outcomes:

1. **Knowledge and Understanding: the students should be able to:**
2. Understand the microeconomic perspective.
3. Identify the difference between perfect competition and market power.
4. Conduct comparisons among market structures in terms of their characteristics and profit maximization conditions.
5. Understand the factor markets, interest rates, investments, and capital markets.
6. Learn the general equilibrium and economic welfare.
7. Learn what uncertainty, externalities and public goods is.
8. **Intellectual Skills: students should be able to:**
9. Employ Economic terms and concepts in making rational decisions.
10. Identify the economic ways and present it for producers to make optimal decisions.
11. Modeling economic variables in a way that helps to simplify the reality.
12. Learn how to calculate and determine the economic profit and loss in economic institutions.
13. Compare different market structures with special emphasis on the issues of pricing and efficiency.
14. Identify the externalities and uncertainty.
15. **Practical skills:**
16. Using the graph, tables, and equations in the analysis of economic variables.
17. Using mathematical analysis methods such as derivation to explain economic phenomena.
18. Using theory tools to analyze the behavior of firms and individuals.

**Teaching Methods:**

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| Duration | : 16 weeks, 48 hours |
| Lectures  | : 40 lectures + two "one-hour" exams |

**Course Work Requirements:**

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| --- | --- | --- |
| **Activity** | **Type** | **Due date** |
| Homework | Chapter's Problems  | One week after completion of the chapter  |

**Note: The lectures may cover cases and exercises from other sources than designed textbook.**

**Tests and Evaluation:**

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| --- | --- | --- | --- | --- |
| **Exam** | **Day/Date** | **Time** | **Place** | **Points**  |
| First Exam | Thursday 18/6/2015 | 9:20-10:10 | ECON311 | 20 |
| Second Exam | Monday 29/7/2015 | 9:20-10:10 | ECON311 | 20 |
| Homeworks | At the end of each chapter |  |  | 20 |
| Final Exam | To be assigned by the registrar office | TBA |  | 40 |
| **Total** |  |  |  | **100** |

**Detailed Outline:**

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| --- | --- |
| Week | Contents |
| Week 1  | **Ch.10: General Equilibrium and Economic Welfare** 10.1- General Equilibrium10.2- Trading Between Two People10.3- Competitive Exchange10.4- Production and Trading10.5- Efficiency and Equity |
| Week 2  | **Ch.11: Monopoly**11.1- monopoly profit maximization11.2- effects of a shift of demand curve11.3- market power11.4- welfare effects of monopoly |
| Week 3  | 11.5- cost advantage that create monopolies11.6- Government actions that create monopolies11.7- Government actions that reduce market power11.8- monopoly decisions over time |
| Week 4 | **Ch.12: Pricing**12.1- why and how firms price discriminate12.2- perfect price discrimination 12.3- quantity discrimination12.4- multimarket price discrimination12.5- Two-part tariffs |
| Week 5 | **Ch.13: oligopoly and monopolistic competition**13.1- market structures13.2- Game theory13.3- cooperative oligopoly models |
| Week 6  | 13.4- Cournot model of oligopoly13.5- Stackellberg model of noncooperative behavior13.6- comparison of collusive, cournot, stackellberg, and competitive equilibria 13.7- monopolistic competition |
| Week 7  | 13.8- Bertrand price-setting model**Ch.15: Factor markets and vertical integration**15.1- competitive factor market |
| Week 8 | 15.2- Effect of monopolies on factor market15.3- Monopsony15.4- vertical integration**Ch.16: interest rates, investments, and capital markets**16.1- comparing money today to money in the future |
| Week 9 | 16.2- choices over time16.3- exhaustible resources16.4- capital markets, interest rate, and investment**Ch.17: uncertainty**17.1- degree of risk |
| Week 10 | 17.2- *decision making under uncertainty*17.3- Avoiding risk17.4- investing under uncertainty **Ch.18: externalities, open access, and public goods**18.1- externalities |
| Week 11 | 18.2- the inefficiency of competition with externalities 18.3- market structure and externalities 18.6- public goods**Ch.19: Asymmetric Information**19.1- Problems due to Asymmetric Information19.2- Response to Adverse Seletion  |
| Week 12 | 119.4- Price Discrimination due to false Beliefs about Quality**19.5-Market power from Ignorance****19.6- problems Arising from Ignorance When Hiring** 9.3- How ignorance about Quality Drives Out High-Quality Goods  |
| Week 13 | **Ch.20: Contracts and Moral Hazards**20.1- Principal-Agent Problem20.2- Production Efficiency 20.3- Trade­-Off Between Efficiency in Production and in Risk Bearing  |
| Week 14 | 20.4- Monitoring**20.5-Checks on Principals****20.6- Contract Choice** |
| Week 15 | review |

**Text Book and supporting Material:**

**Text Book:**

**Jeffrey, M. Perloff, Microeconomics, sixth Edition, University of California, Published by Pearson, 2013.**

**Supporting Material:**

Walter Nicholson and Christopher Snyder, "Theory and Application of Intermediate Microeconomics," 10th Thomson South, 2008.

**Over the internet:**

The Textbook has a companion website and access code, given you is buying the text.

**Classroom Rules**

**1-Students must show the most respect toward each other and the instructor.**

**2-Come to class on time, and don’t leave early unless permission has been obtained.**

**3- Students should not carry conversations with each other, or use mobile during class lecture and discussion.**

**4- Students are not allowed to read non-assigned materials.**

**5- It’s the student responsibility to inform the instructor “a week“prior if there is a conflict with an exam.**

1. **It is forbidden to bring your mobile for calculation purposes. It is just allowed to use the calculator.**

**Good luck**