

SYLLABUS

Name: **Microeconomics III (2400-FIM2MI3)**

Name in Polish: **Microeconomics III**

Name in English: **Microeconomics III**

Information on course:

Course offered by department: Faculty of Economic Sciences

Course for department: Faculty of Economic Sciences

Default type of course examination report:

Examination

Language:

English

Short description:

The aim of the course is to familiarize students with the application of microeconomics to analyze economic problems. The principal topics covered in the course are: market equilibrium, market failures, the role of government, externalities, public goods, asymmetric information, and welfare economics.

Description:

The aim of the course is to familiarize students with selected topics from the field of microeconomics:

- the concept of partial equilibrium in a final goods market;
- government intervention in a competitive and monopoly markets (including different forms of taxes, tariffs, import quotas, subsidies, price limits, quantity restrictions, intervention purchases, direct payments) and their influence on prices, sales, consumer and producer surplus, economic efficiency, deadweight loss;
- 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;
- production and the First Theorem of Welfare Economics, production and the Second Theorem of Welfare Economics, comparative advantage, Pareto efficiency;
- preference aggregation, social welfare function, welfare maximization;
- externalities, internalization of externalities, Pigouvian tax, Coase theorem;
- the concepts of public and club goods, free riding, the Vickrey-Clarke-Groves voting mechanism;
- the fundamental topics concerning asymmetric information (ex ante and ex post) – including adverse selection, moral hazard, incentive compatibility, the principal-agent model, market for lemons, signaling.

Bibliography:

Required readings:

- Varian Hal R. (2019), Intermediate Microeconomics: a modern approach, W.W. Norton (ebook format is not available in a library)
- Bergstrom T.C., H.R. Varian (2009), Test bank for Intermediate Microeconomics A Modern Approach, W.W.Norton

Additional readings:

- Bergstrom T.C., H.R. Varian (2014), Workouts in Intermediate Microeconomics, W.W. Norton
- Borland J. (2008), Microeconomics: case studies and applications, Cengage Learning Australia
- Mansfield E., G.W. Yohe (2003), Microeconomics: theory and applications, W.W. Norton
- Mansfield E., J. Peoples (2003), Microeconomic Problems: case studies and exercises for review, W.W. Norton
- Pindyck, R.S., D.L. Rubinfeld (2018), Microeconomics, Prentice Hall (available in ebook format)

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;
- can analyze basic general equilibrium models and formulate conclusions from Walras' Law and theorems of Welfare Economics;
- 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
- 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 and efficient and a fair distribution of resources;
- 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 components (the weights are in brackets):

- a) active participation in class (25%) – the group lecturer decides how to score the points (e.g. tests, homework, solving tasks, etc.)
- b) participation in a debate or/and a presentation (15%) - it is up to the group lecturer to decide which of these elements to implement and under what conditions, but at least one of these elements must be implemented
- c) final exam (a total of max 30 tasks) as a single-choice test – jointly for all groups of the course, range of material (theory and exercises) consistent with the topics covered by the "Full description of the course" (note, that the topics covered by above (b) will be excluded)

In order to pass the course, it is required to obtain at least 50% of the maximum exam score AND at least 50% of the maximum total score obtained from a), b), and c).

In the retake session it is only allowed to retake the exam.

Applied tools - video platforms for remote learning approved by the University of Warsaw and additional supporting tools selected by the group lecturer.

Attendance verification – the rules will be announced by each lecturer during the first class.

Grading scale:

points (%) grade

<0,50) 2

<50,60) 3

<60,70) 3,5

<70,80) 4

<80,90) 4,5

<90,100> 5

Katarzyna Metelska-Szaniawska

Grading rules:

In total you can receive a maximum of 100 points in this course.

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 [25%], i.e. 25 points

Five times during the semester short 5-minute tests are organized at the beginning of class without prior announcement. The maximum score on each test is 4 points. For each problem solved at the board by a volunteer during class a maximum of 4 points are awarded depending on the difficulty of the problem and the correctness of the solution.

b) participation in a group debate [15%], i.e. 15 points

One class meeting during the semester is devoted to a group debate on a topic that is selected by majority vote during the first two classes from among 2-3 proposals. The detailed organization of the debate is discussed during the first two classes and involves selecting a moderator and 6 debating groups. Assessment of the participation in the debate (maximum score 15 points) is based on the Microeconomics 3 - related content of the argumentation presented by the participant's subgroup (maximum 10 points) and the individual participant's presentation method (maximum 5 points), while for the moderator - on the quality of the moderation and effective organization of the debate.

C) final exam [60%], i.e. 60 points

The exam - a single-choice test - is organized during the exam period. The maximum score is 60 points.

In order to pass the course it is required to obtain at least 50% of the maximum exam score AND at least 50% of the maximum total score. In the retake session it is only allowed to retake the exam.

Presence in class is obligatory. More than two absences without formal justification result in failing the course.

Type of course

obligatory courses

Equivalent courses in various terms:

Economics, full-time, first cycle programme (NW1-PRK-EK)			
Equivalent course		First term	Last term
Microeconomics III (2400-PP2MI3)		2020	
Finance, International Investment and Accounting, full-time, first cycle programme (in English) (NW1-PRK-FIIA)			
Equivalent course		First term	Last term
Microeconomics III (2400-PP2MI3a)		2020	
Economics, full time, first cycle (S1-EK)			
Equivalent course		First term	Last term
Microeconomics III (2400-PP2MI3a)		2015	
Finance, Investments and Accounting, first cycle (in English) (S1-FIR-FIM)			
Equivalent course		First term	Last term
Microeconomics III (2400-PP2MI3a)		2016	
Economics, full-time, first cycle programme (S1-PRK-EK)			
Equivalent course		First term	Last term
Microeconomics III (2400-PP2MI3)		2020	
Double Degree Program in Economics and Mathematics, full-time, first cycle programme (S1-PRK-EK-MSEM)			
Equivalent course		First term	Last term
Microeconomics III (2400-PP2MI3)		2020	

Finance, International Investment and Accounting, full-time, first cycle programme (in English) (S1-PRK-FIIA)			
Equivalent course		First term	Last term
Microeconomics III (2400-PP2MI3a)		2020	

Element of course groups in various terms:

Course group description	First term	Last term
missing group description in English (2400-EN1-FIM2)	2014	

Course credits in various terms:

<without a specific program>		Type of credits	Number	First term	Last term
European Credit Transfer System (ECTS)		6	2014	2015	
European Credit Transfer System (ECTS)		5	2016	2016	
European Credit Transfer System (ECTS)		6	2017		