



Course: Microeconomics II

Faculty: Ramon Caminal

Term: Second

E-mail: ramon.caminal@iae.csic.es

Office Hours: to be announced

Description: The first part of the course will be devoted to the study of General Equilibrium and the positive and normative aspects of the theory. The second part consists of an introduction to market failures in the presence of market power and asymmetric information. These topics will introduce you to the more advanced courses on Microeconomics and Industrial Organization offered in the second year where information asymmetries and market power will be developed deeply.

Objective: This course focuses on general equilibrium modeling in economic theory and some basic market failures. After this course you should be able to formulate mathematical economic models of price determination and resource allocation and to understand the forces behind market failures.

Outline:

1. Introduction to General Equilibrium (Chapter 15A,B,C in MWG)
2. Equilibrium and its Basic Welfare Properties (Chapter 16 in MWG)
3. The Positive Theory of Equilibrium (Chapter 17 in MWG)
4. The Core and Equilibria (Chapter 18B in MWG)
5. Market Power (Chapter 12 in MWG)
6. Adverse Selection, Signalling and Screening (Chapter 13 in MGW)

7. The Principal Agent Problem (Chapter 14 in MGW)

References:

The main reference is the book by Mas-Colell, Whinston and Green (MWG) which covers all relevant material

Mas-Colell, A, M. Whinston and J. Green "Microeconomic Theory", Oxford University Press, 1995

Grading: problem sets: 10%, final exam: 90%