

# Course Syllabus Microeconomic Theory II The Hashemite University, Faculty of Economics and Administrative Sciences Department of Economics Fall Semester, 2018/2019

# Course Identification

Course Title	Microeconomic Theory II
Course Number	1802011311
Prerequisites	1802011211
<b>Providing Department</b>	<b>Economics Department</b>
<b>Sections Number</b>	2
Accredited Hours	3 credit hours
<b>Lectures Location</b>	Econ. 210
Class Times	10:00 – 11:00

# **Instructor Information**

Instructor	Dr. Mohammad W. Alomari
Office Location	Econ. Department, 302
E-mail	Mohammadw@hu.edu.jo
office Hours	11:00-12:00 Sun, Tue and Thu or 11:00-12:30 Mon and Wed
Telephone	
Faculty Web Page	

#### **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:

### A- Knowledge and Understanding: the students should be able to:

- 1- Understand the microeconomic perspective.
- 2- Identify the difference between perfect competition and market power.
- 3- Conduct comparisons among market structures in terms of their characteristics and profit maximization conditions.
- 4- Understand the factor markets, interest rates, investments, and capital markets.
- 5- Learn the general equilibrium and economic welfare.
- 6- Learn what uncertainty, externalities and public goods is.

#### **B-** Intellectual Skills: students should be able to:

- 1- Employ Economic terms and concepts in making rational decisions.
- 2- Identify the economic ways and present it for producers to make optimal decisions.
- 3- Modeling economic variables in a way that helps to simplify the reality.
- 4- Learn how to calculate and determine the economic profit and loss in economic institutions.
- 5- Compare different market structures with special emphasis on the issues of pricing and efficiency.
- 6- Identify the externalities and uncertainty.

# **C- Practical skills:**

- 1- Using the graph, tables, and equations in the analysis of economic variables.
- 2- Using mathematical analysis methods such as derivation to explain economic phenomena.
- 3- Using theory tools to analyze the behavior of firms and individuals.

# **Teaching Methods:**

Duration	: 14 weeks, 42 hours	
Lectures	: 40 lectures + two "one-hour" exams	

#### **Course Work Requirements:**

Activity	Type	Due date
Homework		

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

#### **Tests and Evaluation:**

Exam	Day/Date	Time	Place	Points
First Exam				25
Second Exam				25
Home works and				10
participation				
Final Exam	To be assigned by the registrar	TBA		40
	office			
Total				100

# **Detailed Outline:**

Detailed Outline:		
Week	Contents	
Week1+week2	Ch.9: Applying the Competitive Model	
	Zero Profit for Competitive Firms in the Long Run	
	Consumer Welfare	
	Producer Welfare	
	Competition Maximizes Welfare	
	Policies That Shift Supply Curves	
	Policies That Create aWedge Between Supply and Deman	
Week3 +week4	Ch.10: General Equilibrium and Economic Welfare	
Weeks week	10.1- General Equilibrium	
	10.2- Trading Between Two People	
	10.3- Competitive Exchange	
	10.3- Competitive Exchange 10.4- Production and Trading	
XX 1.5 1.5	10.5- Efficiency and Equity	
Week 5+week7	Ch.11: Monopoly	
	11.1- monopoly profit maximization	
	11.2- effects of a shift of demand curve	
	11.3- market power	
	11.4- welfare effects of monopoly	
	11.5- cost advantage that create monopolies	
	11.6- Government actions that create monopolies	
	11.7- Government actions that reduce market power	
	11.8- monopoly decisions over time	
Week 8+week9	Ch.12: Pricing	
+week10	12.1- why and how firms price discriminate	
Weekio	12.2- perfect price discrimination	
	12.3- quantity discrimination	
	12.4- multimarket price discrimination	
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XX 1 11	12.5- Two-part tariffs	
Week 11	Ch.13: oligopoly and monopolistic competition	
+week12	13.1- market structures	
	13.2- Game theory	
	13.3- cooperative oligopoly models	
	13.4- Cournot model of oligopoly	
	13.5- Stackellberg model of noncooperative behavior	
	13.6- comparison of collusive, cournot, stackellberg, and competitive	
	equilibria	
	13.7- monopolistic competition	
	13.8- Bertrand price-setting model	
Week 13	Ch.15: Factor markets and vertical integration	
	15.1- competitive factor market	
	15.2- Effect of monopolies on factor market	
	15.3- Monopsony	
	15.4- vertical integration	
Week 14		
+week15	Ch.16: interest rates, investments, and capital markets	
+week13	16.1- comparing money today to money in the future	
	16.2- choices over time	
	16.3- exhaustible resources	
	16.4- capital markets, interest rate, and investment	
	Ch.17: uncertainty	
	17.1- degree of risk	
	17.2- decision making under uncertainty	
	17.3- Avoiding risk	
	17.4- investing under uncertainty	
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	Ch.18: externalities, open access, and public goods
	18.1- externalities
	18.2- the inefficiency of competition with externalities
	18.3- market structure and externalities
	18.6- public goods
Week 16	Final Exam

# **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," 10<sup>th</sup> Thomson South, 2008.

#### Over the internet:

The Textbook has a companion website and access code that is given to you upon buying the textbook.

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

Good luck