Facultatea de Științe Economice și Gestiunea Afacerilor

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DETAILED SYLLABUS
Microeconomics – Price Theory 2

1. Information about the study program

1.1 University	Babeș-Bolyai University
1.2 Faculty	Faculty of Economics and Business Administration
1.3 Department	Statistics, Forecasting, Mathematics
1.4 Field of study	Accounting
1.5 Program level (bachelor or master)	Master
1.6 Study program / Qualification	Accounting and Organizations (AO)

2. Information about the subject

2.1 Subject title	EME0636 Microeconomics – Price Theory 2					
2.2 Course activities professor	Assoc. Prof. Cristian Marius LITAN					
2.3 Seminar activities professor	Assoc. Prof. Cristian Marius LITAN					
2.4 Year of study	I	2.5 Semester	2	2.6 Type of assessment	SE	2.7 Subject regime	CO

3. Total estimated time (teaching hours per semester)

3.1 Number of hours per week	3	out of which: 3.2 course	1	3.3 seminar/laboratory	2
3.4 Total number of hours in the curriculum	42	out of which: 3.5 course	14	3.6 seminar/laboratory	28
Time distribution					Hours
Study based on textbook, course support, references and notes					30
Additional documentation in the library, through specialized databases and field activities					30
Preparing seminars/laboratories, essays, portfolios and reports					30
Tutoring					14
Assessment (examinations)					4
Others activities					

3.7 Total hours for individual study	108
3.8 Total hours per semester	150
3.9 Number of credits	6

4. Preconditions (if necessary)

4.1 Curriculum	It is not the case.
4.2 Skills	It is not the case.

5. Conditions (if necessary)

5.1. For course development	The courses should be held in a room with simultaneous access to a computer-projector and a board.
5.2. For seminar / laboratory development	The seminars should be held in a room with simultaneous access to a computer-projector and a board.

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6. Acquired specific competences

Professional competences	Acquiring intermediate or advanced tools of microeconomic analysis and price theory plays an obvious role in the development of the following professional competences by the students (competences associated to the master Accounting and Organizations - AO):
Transversal competences	The courses and seminars of microeconomic analysis and price theory play a role in the development of the following transversal skills (associated to the master Accounting and Organizations - AO):

7. Subject objectives (arising from the acquired specific competences)

7.1 Subject's general objective	Preparing the students to apply intermediate or advanced instruments and methods of microeconomic analysis and pricing theories to economic problems, to better understand real life economic and business situations, etc. (both within the academic world and the real business world)

7.2 Specific objectives	- The students should understand:
	    - price mechanism under monopoly;
	    - non-linear pricing, price discrimination under monopoly;
	    - basic concepts of game theory that are needed to the analysis of the imperfect competition (duopoly, oligopoly);
	    - the role of adverse selection and signaling in the (and on the) markets;
	
	- The students should acquire the ability to construct basic microeconomic models in order to analyze certain economic problems, real life economic and business situations, etc.;
	
	- The students should be able to formulate theoretical economic hypotheses and analyze their validity based on their accumulated knowledge.

8. Contents

8.1 Course	Teaching methods	Observations
Review of the standard theory on monopoly. Multigood monopoly. Nonlinear pricing; price discrimination under monopoly.	The professor gives a talk and encourages discussions on the themes.	1 course
Description of a game (by examples: matching pennies, prisoner's dilemma, Cournot duopoly, Bertrand duopoly). Economic modeling of strategic choices. Solution concepts. Nash equilibrium. Interpretation of mixed strategies. Dominant strategies and elimination of dominated strategies.	The professor gives a talk and encourages discussions on the themes.	1 course
Repeated games. Sequential games. Refinements of Nash equilibrium. Subgame perfection. Games with incomplete information. Bayesian Nash equilibrium.	The professor gives a talk and encourages discussions on the themes.	1 course
Cournot equilibrium. Several firms. Welfare analysis. Bertrand equilibrium. Quantity leadership. Price leadership. Variations of the models. Collusion. Repeated oligopoly games. Sequential games. Limit pricing.	The professor gives a talk and encourages discussions on the themes.	1 course
Firm as a profit-maximizing entity. Firm as a maximizing entity. Firm as a behavioral entity. Firms in the category of markets.	The professor gives a talk and encourages discussions on the themes.	1 course

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Akerlof's model of lemons. Signaling quality. Signaling and game theory.	The professor gives a talk and encourages discussions on the themes.	1 course
Review of the material. Discussing preparation for the exam.	The professor gives a talk and encourages discussions on the themes.	1 course

References:
1. David M. Kreps – A course in microeconomic theory, Pearson Education Limited, Edinburgh Gate, Harlow, Essex CM20 2JE, England.
2. Hal R. Varian – Microeconomic analysis (3rd edition), W. W. Norton & Company, Inc., 500 Fifth Avenue, New York, N.Y. 10110, www.wwnorton.com.
3. Andreu Mas-Colell, Michael D. Whinston, Jerry R. Green – Microeconomic theory, Oxford University Press, 1995, New York, Oxford.

8.2 Seminar/laboratory	Teaching methods	Observations
Review of the standard theory on monopoly. Multigood monopoly. Nonlinear pricing; price discrimination under monopoly.	Analysis of terms and concepts, discussions, case studies, solving exercises, providing real-life economic examples, discussion of the homework projects, etc.	2 seminars
Description of a game (by examples: matching pennies, prisoner's dilemma, Cournot duopoly, Bertrand duopoly). Economic modeling of strategic choices. Solution concepts. Nash equilibrium. Interpretation of mixed strategies. Dominant strategies and elimination of dominated strategies.	Analysis of terms and concepts, discussions, case studies, solving exercises, providing real-life economic examples, discussion of the homework projects, etc.	2 seminars
Repeated games. Sequential games. Refinements of Nash equilibrium. Subgame perfection. Games with incomplete information. Bayesian Nash equilibrium. Homework 1: Presenting the requirements of the first homework; the project is due to the next meeting.	Analysis of terms and concepts, discussions, case studies, solving exercises, providing real-life economic examples, discussion of the homework projects, etc.	2 seminars

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Cournot equilibrium. Several firms. Welfare analysis. Bertrand equilibrium. Quantity leadership. Price leadership. Variations of the models. Collusion. Repeated oligopoly games. Sequential games. Limit pricing.	Analysis of terms and concepts, discussions, case studies, solving exercises, providing real-life economic examples, discussion of the homework projects, etc.	2 seminars
Firm as a profit-maximizing entity. Firm as a maximizing entity. Firm as a behavioral entity. Firms in the category of markets. Homework 2: Presenting the requirements of the second homework; the project is due to the next meeting.	Analysis of terms and concepts, discussions, case studies, solving exercises, providing real-life economic examples, discussion of the homework projects, etc.	2 seminars
Akerlof's model of lemons. Signaling quality. Signaling and game theory. Homework 3: Presenting the requirements of the third homework; the project is due to the next meeting.	Analysis of terms and concepts, discussions, case studies, solving exercises, providing real-life economic examples, discussion of the homework projects, etc.	2 seminars
Review of the material. Discussing preparation for the exam. Discussing the results of the students in the first two homework projects.	Analysis of terms and concepts, discussions, case studies, solving exercises, providing real-life economic examples, discussion of the homework projects, etc.	2 seminars

References:
1. David M. Kreps – A course in microeconomic theory, Pearson Education Limited, Edinburgh Gate, Harlow, Essex CM20 2JE, England.
2. Hal R. Varian – Microeconomic analysis (3rd edition), W. W. Norton & Company, Inc., 500 Fifth Avenue, New York, N.Y. 10110, www.wwnorton.com.
3. Andreu Mas-Colell, Michael D. Whinston, Jerry R. Green – Microeconomic theory, Oxford University Press, 1995, New York, Oxford.

9. Corroboration / validation of the subject's content in relation to the expectations coming from representatives of the epistemic community, of the professional associations and of the representative employers in the program's field.

In any economic field, in academics or real business world, it is required knowledge on economic logic. Acquiring the intermediate or advanced tools of microeconomic analysis and price theory helps an economic analyst to predict the behavior of the agents within the economy. Thus, Microeconomics – Price Theory 2 represents a course of vital importance for the professional development of a master student in any economic field.

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10. Assessment (examination)

Type of activity	10.1 Assessment criteria	10.2 Assessment methods	10.3 Weight in the final grade
10.4 Course	The degree by which the students correctly acquired the concepts, notions and tools of microeconomics analysis and price theory (II).	Written final exam.	50%
	The ability of the students to use these concepts, notions and tools in financial and economic applications (i.e. practical economic problems, real life business and economics situations, etc.).		
10.5 Seminar/laboratory	The degree by which the students correctly acquired the concepts, notions and tools of microeconomics analysis and price theory.	The assessment of the homework projects. The assessment tries to measure the degree by which the students acquired the theory and the ability to apply it in practical examples and real life situations. The realization of the homework projects is conditioning the final grade.	50%
	The ability of the students to use these concepts, notions and tools in financial and economic applications (i.e. practical economic problems, real life business and economics situations, etc.).		
	The capacity of the students to take economic/financial/business decisions based on the results of their analysis and suitably applying the microeconomic theories they've studied.		
10.6 Minimum performance standard			

- It is necessary to obtain a minimum final grade of 5 (five) in order to pass this subject;
- The grades being granted are between 1 (one) and 10 (ten);
- Students must approach each element (question, problem) within the (written) exam sheet;
- The exam is written and takes approximately 120 minutes;

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