

Applied Microeconomics (4 ECTS)

Contents

The course is subdivided into four thematic blocks. The first block is used to revise the basics of supply and demand. With regard to supply, the focus is on production costs and profit maximization. Demand, on the other hand, is related to consumer behavior and utility maximization. The concept of market equilibrium is clarified under the assumption of perfect competition. The second block aims to broaden the students' understanding of the topic by introducing markets with imperfect competition (monopoly, oligopoly, cartels and pricing with market power). Different aspects of strategic behavior (quantity and price competition, game theory) are examined in the penultimate block. The course concludes with a discussion of market failure due to asymmetric information, externalities and public goods.

Learning Outcomes

Having graduated this course, the students should be able to:

- Express their opinions with regard to the main topics addressed by microeconomic theory and apply this theory to practical examples;
- Differentiate between different market forms (perfect competition, monopoly, monopolistic competition and oligopoly) and derive the optimal price and output decisions depending on the market structure;
- Analyze strategic behavior in different market situations and evaluate how firm and social outcomes vary with differing market forms;
- Recognize situations which give rise to market failure and make suggestions with regard to its aversion.

This lecture also requires from the students to develop the following abilities:

- To apply theoretical concepts to practical examples;
- To use analytical methods for the solution of diverse problem sets (e.g. finding the optimal decision for a given stakeholder using mathematical derivations)
- To present and explain complex theoretical concepts.

Literature

Pindyck, R.S. and Rubinfeld, D.L. (2018). *Microeconomics*. 9th edition. Pearson.

