# Microeconomics 2

**Second module, 2022-2023 academic year**

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## Course description

The course follows Microeconomics 1 in the Intermediate Microeconomics sequence. This part concentrates on production, theory of the firm and market structure.

## Course requirements, grading, and attendance policies

Prerequisites: Micro 1. The final grade will be based on the final exam (70%) and home assignments (30 %).

## Course contents

The course will cover the following topics

1. Firm and Technology.
2. Cost Minimization, Cost Functions.
3. Firm's Supply.
4. Imperfect Competition.
5. Monopoly and Price Discrimination.
6. Other forms of non-perfect competition.
7. Durable good monopoly.
8. Behaviour based price discrimination.
9. Market Failures: Adverse Selection and Moral Hazard.

**Description of course methodology**

Main concepts will be introduced during lectures; the final exam will be based on the material covered during lectures and on the extra material provided for the class.

## Course materials

The main textbook for the course is Hal Varian, Intermediate Microeconomics 2014. Additional books: Jehle and Reny Advanced Microeconomic Theory 2011; Mas-Collel, Whinston, Green Microeconomic Theory; Snyder and Nicholson, Microeconomic Theory, Basic Principles and Extensions 2008.

## Academic integrity policy

Cheating, plagiarism, and any other violations of academic ethics at NES are not tolerated.

## Sample tasks for course evaluation

1. Provide one example when the monopoly power leads to a dead weight loss, and one example when it does not. Explain.

2. Consider a market with homogeneous consumers. Compare a monopolist who is charging a uniform price with a monopolist who is using two-part tariff. In which case the monopolist's profit is higher? What about the social welfare (sum of the consumers' surplus and the monopolist's profit)?

3. Prove that the marginal cost line (MC) crosses the Average Variable Cost line (AVC) at its minimum.