

Instructor: **Ronald Wendner**

Office hours: TUE 11:00 AM – 12:00 PM (noon)

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320.314 MICROECONOMICS 2

TUE 08:15 – 10:45, HS 15.11 (B1)

This course starts on October 1, 2024.

1. COURSE DESCRIPTION

This course deals with microeconomics for students in their 2nd year of an *economics or closely related* bachelor program. It is held in English. The course focuses on the standard setting with competitive markets where firms and consumers lack market power.¹ We will start with choice and demand (preferences, utility, income- and substitution effects) before discussing production and supply. The third part will bring together choice/demand by households and supply by firms. We will first deal with partial equilibrium before moving on to general equilibrium (simultaneous consideration of all interactions on several markets). We will close this course by investigating the welfare properties of a general equilibrium.

2. ESSENTIAL PREREQUISITES

I assume familiarity with the basic concepts in microeconomics as offered by 1st year undergraduate microeconomics textbooks such as Pindyck and Rubinfeld, *Microeconomics*. Furthermore, I assume knowledge of basic mathematics as taught in *Wirtschaftsmathematik* and *Wirtschaftsmathematik für Volkswirtschaftslehre* at this university. The course Mathematics for Economics (320.313) is not a strict prerequisite. However, *Mathematics for Economics* (320.313) is strongly recommended **before or in parallel to** *Microeconomics 2* (320.314).

3. LITERATURE

REQUIRED READING

Snyder, C., W. Nicholson, R. Steward (2015), *Microeconomic Theory. Basic Principles and Extensions*, Cengage Learning, Ashwin.

As we will follow this book closely, you must have access to *and use* this textbook (either in print or as an e-book).

¹ Other microeconomics courses extend this framework by investigating settings with market power (monopoly, imperfect competition), market failure (asymmetric information, externalities, public goods) as well as strategic decision making.

FURTHER REFERENCES

At some points, you may want to consult a mathematics textbook. All books are put on reserve (Semesterhandapparat).

- Sydsaeter, K., P. Hammond, A. Strom, A. Carvajal (2016⁵), Essential Mathematics for Economic Analysis, Harlow: Pearson Education.
- Dixit, A. (1990), Optimization in Economic Theory, New York: Oxford University Press.

4. TENTATIVE SCHEDULE OF LECTURES AND PROGRAM

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|---------|--|
| Week 1 | Organizational issues; Preferences and utility [Nicholson/Snyder, ch. 3] |
| Week 2 | Preferences and utility [Nicholson/Snyder, ch. 3] |
| Week 3 | Preferences and utility [Nicholson/Snyder, ch. 3] |
| Week 4 | Utility maximization and choice [Nicholson/Snyder, ch. 4] |
| Week 5 | Utility maximization and choice [Nicholson/Snyder, ch. 4] |
| Week 6 | Utility maximization and choice [Nicholson/Snyder, ch. 4] |
| Week 7 | Income and substitution effects [Nicholson/Snyder, ch. 5] |
| Week 8 | Income and substitution effects [Nicholson/Snyder, ch. 5] |
| Week 9 | Production, profit maximization and equilibrium [Nicholson/Snyder, ch. 9-13] |
| Week 10 | Production, profit maximization and equilibrium [Nicholson/Snyder, ch. 9-13] |
| Week 11 | Profit maximization [Nicholson/Snyder, ch. 11] |
| Week 12 | The partial equilibrium competitive model [Nicholson/Snyder, ch. 12] |
| Week 13 | The partial equilibrium competitive model [Nicholson/Snyder, ch. 12] |
| Week 14 | General equilibrium and welfare [Nicholson/Snyder, ch. 13] |
| Week 15 | General equilibrium and welfare [Nicholson/Snyder, ch. 13] |

Exam 1: 29 October 2024

Exam 2: 03 December 2024

Exam 3: 28 January 2025

5. GRADING

My grading is based on your percentage achievement.

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|-------------------------|---------|
| In-class participation: | max 15% |
| Exam 1: | max 25% |
| Exam 2: | max 30% |
| Exam 3: | max 30% |

The percentage grades correspond to the letter grades as follows.

86+% Excellent (1), **73% – 86-%** Good (2), **60% – 73-%** Satisfactory (3), **50% – 60-%** Sufficient (4), **50-%** Fail (5).

6. ABSENCE FROM EXAMS IN CASE OF ILLNESS

If you cannot attend an exam because of illness, you can take the exam later under the following conditions.

1. You give notice to me **before** the exam takes place.
2. Within three days of the exam, you send a **medical certificate that details why you could not participate**.
3. **Your replacement exam might be written or oral.** I will probably pursue an oral rather than a written exam.

7. RESOURCES FOR THIS COURSE

Office hours. My office hours are for clarifying any questions regarding the materials we discuss you might have. Please feel free to drop by any time during my office hours. In case you cannot make it to my official office hour, we can always arrange for a meeting via email.

Textbook. I have a few copies of the textbook (former editions) we use available in my office. I am happy to lend it to you for the current semester. Alternatively, an e-book version of your textbook is available in our library.

Moodle. Moodle is our primary platform for this course. Please check your Moodle account for additional resources. These include the transparencies I use in the classroom, all my comments on the whiteboard (augmented transparencies) after each class, and notes to further important topics that come up during class (and that came up during past courses).