

**Course Code: ECON 301****Course Title: Microeconomic Theory-II****Course Type (GED/ Core/ Elective):** Core**Year/ Level/ Semester/ Term:** 3<sup>rd</sup> Year**Academic Session:** 2021-22 & 2022-23**Course Teacher/ Instructor:****Pre-requisite (if any):** ECON 101; ECON 103**Credit Value:** 04**Contract Hours:** 60

**Course Rationale:** Basic microeconomics courses mainly focus on fundamental economic problems and pricing under perfectly competitive settings. Real economies are often far from perfect competition and require analyses based on modern methods such as game theory and general equilibrium. Students also need to understand the linkages among markets and how welfare is affected by various government policies. Advanced microeconomics deals with these types of problems.

**Course Objective:** The primary objective of the course is to acquaint students with some advanced topics of microeconomics that will enable them to deal with situations where markets are imperfect and analyze welfare implications of various government policies.

**Course Learning Outcomes:** After successful completion of the course, students will be able to:

1. analyze decision making based on game theoretic approach;
2. understand pricing under monopoly, oligopoly and monopolistic competition;
3. explain determination of factor prices and distribution of income under various types of market structure;
4. understand the linkages among markets; and
5. compare inter-personal utility from normative perspective and social welfare maximization.

#### CLOs Mapped to PLOs

CLO/PLO	PLO1	PLO2	PLO3	PLO4	PLO5	PLO6	PLO7	PLO8	PLO9
CLO1	3	3	3	2	3	2	0	2	1
CLO2	3	3	3	2	3	1	0	2	2
CLO3	3	3	3	2	3	1	0	2	2
CLO4	3	3	3	2	3	1	2	2	2
CLO5	3	3	3	2	3	1	0	3	2

#### Course Contents

Topic	Content Summary	Teaching Strategies/Tools	In-Class Assessment	#Class Hours	CLOs
1	<b>Pricing of Factors and Income Distribution:</b> Demand for variable factor under perfect competition; Supply of variable factor under perfect competition; Equilibrium in factor market under perfect competition; Imperfect competition in product market and perfect; Competition in factor market; Monopoly in product market and monopsony in factor market; Bilateral monopoly; Pricing of fixed factor.	<b>Strategies:</b> Verbal, graphical and mathematical exposition; Problems solving. <b>Tools:</b> Books; Handouts; Multimedia; Online resources	Q&As Quizzes Homework Assignments Presentations Tutorials	10	1

<b>2.</b>	<b>Markets with Asymmetric Information:</b> Quality Uncertainty and the Market for Lemons; Market Signaling; Moral Hazard; Principle Agent Problem;	As above	As above	10	2
<b>3</b>	<b>Externalities and Public Goods:</b> Externalities; Ways of Correcting Market Failure; Stock Externalities; Externalities and Property Right; Common Property Resources; Public Goods	As above	As above	12	3
<b>4.</b>	<b>Behavioral Economics:</b> Reference Points and Consumer Preferences; Fairness; Rules of Thumb and Biases in Decision Making; Bubbles; Informational Cascades; Behavioral Economics and Public Policy				
<b>5</b>	<b>General Equilibrium:</b> Economic interdependence: general equilibrium; Existence of equilibrium; Uniqueness of equilibrium; Stability of equilibrium; Walrasian (2X2X2) general equilibrium model; Completeness of the Model.	As above	As above	12	4
<b>6</b>	<b>Welfare economics:</b> Normative issues in economics; Problems of value judgment; Welfare criteria; Optimality in production; Overall optimality; Social welfare function; Optimality of competitive equilibrium; Welfare Maximization; Market failure.	As above	As above	12	5

#### Class Schedule:

#### Lesson Plan

Week(s)	Topic(s)	#Classes	CLOs	Remarks
<b>1 – 5</b>	<b>1</b>	<b>1 – 10</b>	<b>1</b>	
<b>6 – 10</b>	<b>2</b>	<b>11 – 20</b>	<b>1</b>	<b><i>Class Test 1: (Topic 1) 11<sup>th</sup> Class</i></b>
<b>11 – 16</b>	<b>3</b>	<b>21 – 32</b>	<b>3</b>	<b><i>Class Test 2: (Topic 2) 21<sup>st</sup> Class</i></b>
<b>17 – 22</b>	<b>4</b>	<b>33 – 44</b>	<b>4</b>	<b><i>Class Test 3: (Topic 3) 33<sup>rd</sup> Class</i></b>
<b>23 – 28</b>	<b>5</b>	<b>45 – 56</b>	<b>5</b>	
<b>29 – 30</b>	<b>1 - 5</b>	<b>57 – 60</b>		<b><i>Review</i></b>

#### Overall Evaluation Policy:

**a. Continuous Internal Evaluation (CIE): Marks - 00**

**b. Year-End Examination (YEE): Marks - 100**

Bloom's Category	Marks (100)
<b>Remember</b>	<b>25</b>
<b>Understand</b>	<b>30</b>
<b>Apply</b>	<b>20</b>
<b>Analyze</b>	<b>10</b>
<b>Evaluate</b>	<b>10</b>
<b>Create</b>	<b>05</b>

**c. Grading Scheme: As in Section 19**

**Policy for Make-Up Classes:**

- Utilize the open slots in consultation with students
- Swap classes with colleagues

**Basic Text**

1. Pindyck, R. and Rubinfeld, D. Microeconomics (2017, Ninth Edition). ISBN: 978-1-292-21-331-6.

**Recommended References**

1. Varian, H. R. (2020). *Intermediate Microeconomics: A Modern Approach* (9<sup>th</sup> ed.). W.W. Norton and Company.
2. Browning, E. K., & Zupan, M. A. (2011). *Microeconomic Theory & Applications*. Wiley.
3. Hirshleifer, J., Glazer, A., & Hirshleifer, D. (2012). *Price Theory and Applications: Decisions, Markets, and Information* (7<sup>th</sup> ed.). Cambridge University Press.
4. Islam, M. S. (2015). *Microeconomics with Simple Mathematics*. UGC.
5. Koutsoyiannis, A. (2005). *Modern Microeconomics* (2<sup>nd</sup> ed.). Palgrave Macmillan.
6. Lipsey, R. G., Courant, P. N., Purvis, D. D., & Steiner, P. O. (1993). *Economics*. Harper Collins Publishers.
7. দে, হ. কা. *ব্যাপ্তিক অর্থনীতি: তত্ত্ব ও প্রয়োগ*. গ্রামীণ অর্থনীতি কর্মসূচী, অর্থনীতি বিভাগ, চট্টগ্রাম বিশ্ববিদ্যালয়.

**Other Resources**

- Online video lectures
- Course-packs
- Handouts