



Nanchang University ECON 27: Microeconomics II

Credit: 4

Contact Hours

This course is composed of 24 lecture sessions, 3 tutorial sessions and 9 office contact hours. Each lecture session takes 2 contact hours in length; each tutorial session takes 3 contact hours in length; There will be a Q-A review session(3 contact hours) and Final Exam (3 contact hours) at the end of this term. This course has 72 contact hours in total.

Course Description

This course covers basic theory of monopoly, pricing, game theory, factor markets and uncertainty. Further topics will be given on externalities, asymmetric information and etc. that attributes to market failures. Prerequisite: Microeconomics I.

Required Textbook

Intermediate Microeconomics: A Modern Approach. 7th ed, Varian, Hal R, New York, NY: W.W. Norton, 2005. ISBN: 9780393927023.

Microeconomics: Theory and Applications with Calculus, 4th ed, Pearson, 2016. ISBN: 0134167384.

Grading

- Participation 10%
- Homework and Quizzes 40%
- Midterm Exam 20%
- Final Exam 30%

A+ 96-100	A 90-95	A- 85-89
B+ 82-84	B 78-81	B- 75-77
C+ 71-74	C 66-70	C- 62-65
D 60-61	F < 60	

Assignment

All homework assignments must be submitted prior to the due date. **Late assignments are not accepted.**



Students are encouraged to study in groups: it will make studies productive and fun. However, remember: all assignments must be submitted individually.

Course Schedule

The course has 24 class sessions in total. All sessions are 2 contact hours in length. At the end of this term, there will be a Q-A review session(3 contact hours) and Final Exam (3 contact hours).

Note: the course outline and required readings are subject to change.

Class 1:

Monopoly Profit Maximization

Market Power and Welfare

Homework 1

Class 2:

Taxes and Monopoly

Causes of Monopolies

Class 3:

Government Actions That Reduce Market Power

Monopoly Decisions over Time

Class 4:

Behavioral Economics

Monopsony

Homework 2

Class 5:

Conditions for Price Discrimination

Perfect Price Discrimination

Class 6:

Group Price Discrimination

Nonlinear Price Discrimination

Class 7:

Two-Part Pricing

Tie-In Sales

Advertising

Homework 3

Class 8:

Static Games



Dynamic Games

Class 9:

Static Games

Dynamic Games

Class 10:

Market Structures & Cartels

Midterm

Class 11:

Cournot Oligopoly Model

Stackelberg Oligopoly Model

Class 12:

Bertrand Oligopoly Model

Monopolistic Competition

Homework 4

Class 13:

Factor Markets

Capital Markets and Investing

Exhaustible Resources

Class 14:

Assessing Risk

Attitudes Toward Risk

Reducing Risk

Class 15:

Investing Under Uncertainty

Behavioral Economics and Uncertainty

Homework 5

Class 16:

Externalities

The Inefficiency of Competition with Externalities

Class 17:

Regulating Externalities

Market Structure and Externalities

Quiz

Class 18:

Allocating Property Rights to Reduce Externalities



Rivalry and Exclusion

Class 19:

Problems Due to Asymmetric Information
Responses to Adverse Selection

Class 20:

How Ignorance About Quality Drives Out High-Quality Goods
Market Power from Price Ignorance
Problems Arising from Ignorance When Hiring

Class 21:

Principal-Agent Problem
Production Efficiency
Quiz

Class 22:

Trade-Off Between Efficiency in Production and in Risk Bearing
Monitoring to Reduce Moral Hazard

Class 23:

Trade-Off Between Efficiency in Production and in Risk Bearing (Cont)
Monitoring to Reduce Moral Hazard

Class 24:

Contract Choice
Checks on Principals

Attending Policy

Regular and prompt attendance is required. Under ordinary circumstances, you may miss two times without penalty. Each absence over this number will lower your course grade by a third of a letter and missing more than five classes may lead to a failing grade in the course. Arriving late and/or leaving before the end of the class period are equivalent to absences.

Policy on "Late Withdrawals"

In accordance with university policy, appeals for late withdrawal will be approved **ONLY** in case of medical emergency and similar crises.

Academic Honesty

Nanchang University expects all students to do their own work. Instructors will fail assignments that show evidence of plagiarism or other forms of cheating, and will also report



the student's name to the University administration. A student reported to the University for cheating is placed on disciplinary probation; a student reported twice is suspended or expelled.

General Expectations:

Students are expected to:

- Attend all classes and be responsible for all materials covered in class and otherwise assigned;
- Complete the day's required reading and assignments before class;
- Review the previous day's notes before class and make notes about questions you have about the previous class or the day's reading;
- Participate in class discussions and complete required written work on time;
- Refrain from texting, phoning or engaging in computer activities unrelated to class during the class period;
- While class participation is welcome, even required, you are expected to refrain from private conversations during the class period.

Special Needs or Assistance

Please contact the Administrative Office immediately if you have a learning disability, a medical issue, or any other type of problem that prevents professors from seeing you have learned the course material. Our goal is to help you learn, not to penalize you for issues which mask your learning.