

**State Educational Establishment
Belarus State Economic University**

APPROVED

Rector of State Educational Establishment
Belarus State Economic University

_____ V.N. Shimov
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Registration № ED-2263-16/w.

**MICROECONOMICS
(advanced level)
Course Syllabus of State Educational Establishment
for master students**

for specialty: 1-25 80 01 Economic theory

2016

DESIGNED BY:

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REVIEWS:

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RECOMMENDED TO APPROVAL:

Department of Economic Theory of the Educational Establishment "Belarus State Economic University"
(Protocol No. 10 from "04" 03 2016).

The Scientific and Methodological Council of the Educational Establishment "Belarus State Economic University"
(Protocol No. 4 from "20" 04 2016).

EXPLANATORY NOTE

In the conditions of the emergence of a socially-oriented market economy in Belarus, one of the priority tasks is to increase the efficiency of the functioning of economic entities. Microeconomics as a science is precisely the direction of research into the economic life of a society whose task is to identify the patterns of economic behavior of market participants-consumers and producers-by making choices for optimal solutions in conditions of limited resources.

The curriculum "Microeconomics: advanced level" is intended for study by graduate students of economic specialties, who previously studied economic theory and microeconomics at the basic level, as well as those who possess the skills of mathematical analysis. The proposed program contains a deeper presentation of the main sections of microeconomics.

The purpose of studying the academic discipline: deepening the fundamental knowledge of undergraduates about the laws of microeconomic processes, as well as the ability to apply theoretical knowledge in the process of economic analysis and making managerial decisions.

The tasks of studying the academic discipline:

- give in-depth presentation to undergraduates about the principles of behavior of subjects in a market economy;
- develop skills of analysis of specific microeconomic phenomena;
- to form an understanding of the functioning mechanisms of markets, including in the context of uncertainty, asymmetric information and imperfect competition;
- to help undergraduates master the tools of microeconomic regulation.

As a result of studying the academic discipline, the master student should know:

- theoretical foundations of the behavior of consumers and producers in a market economy;
 - Pricing mechanisms in commodity markets;
 - The theory of general equilibrium, social welfare and economic efficiency;
 - directions, methods and economic boundaries of the state microeconomic policy;
- be able to:
- analyze the microeconomic processes taking place in the Republic of Belarus and abroad;
 - use theoretical knowledge to make optimal decisions in the conditions of economic choice;
 - it is reasonable to defend one's point of view in discussions on topical problems of microeconomics.

know:

- major microeconomic models;
- Ways and methods of making managerial decisions;

- fundamental microeconomic patterns;
- own:
 - microeconomic terminology;
 - necessary tools for microeconomic analysis;
 - skills in the use of microeconomic methods in related social sciences.

The study of the discipline "Microeconomics" will contribute to the formation of the following academic competencies:

- to have in-depth theoretical knowledge and apply them to solve practical problems;
- own research skills;
- be able to work independently;
- be able to generate new ideas;
- to have an interdisciplinary approach to solving microeconomic problems.

The study of the discipline "Microeconomics" will contribute to the formation of the following social and personal competencies:

- have the qualities of citizenship;
- be capable of social interaction;
- have the ability to interpersonal communication;
- understand and accept critical remarks and modify their position accordingly if they are justified;
- clearly formulate their own position, find and clearly state the arguments in its defense.

The study of the discipline "Microeconomics" will contribute to the formation of the following professional competencies:

- Develop and justify the socio-economic indicators that characterize the activities of economic entities;
- analyze potential sources of economic information for economic calculations;
- to manage structural subdivisions of the economic and management orientation of organizations (enterprises) of different forms of ownership;
- use global information resources;
- own modern means of telecommunications;
- develop working plans and programs for scientific research, prepare tasks for groups and individual performers;
- develop strategies for the behavior of economic agents in the commodity and financial markets;
- assess the competitiveness and cost-effectiveness of the technologies being developed.

Interdisciplinary relations. The academic discipline "Microeconomics: advanced level" deepens the material studied in the courses "Economic theory" and "Microeconomics".

Microeconomics uses such methods of cognition as marginal, functional analysis, economic and mathematical modeling, i.e. based on the knowledge that gives the study of the discipline "Higher Mathematics".

Based on the study of the academic discipline "Microeconomics: Advanced Level", further study of the subject "Macroeconomics: Advanced Level" is being largely developed.

In all - 68 hours, including: classroom - 34 hours, lectures - 20 hours, seminars - 14 hours.

T The final control is a credit.

CONTENT OF EDUCATIONAL MATERIAL

Topic 1. Consumer preferences and choices

General prerequisites for analyzing consumer behavior. Principle of rationality. Axioms of consumer choice. Properties of consumer kits. Axioms of comparability, transitivity, reflexivity, unsaturation. Properties of indifference curves. Attitude of preference. Ordinal and cardinal approaches to the analysis of preferences.

Utility function. Homothetic preferences. Quasilinear preferences. Preferences for good and anti-burden.

Budget constraint. Budgetary constraint with monetary and in-kind forms of income. Influence on budgetary restriction of incomes and prices.

The choice of the consumer. Internal and marginal optimum of the consumer.

Topic 2. Customer benefits and the concept of identified preferences

Benefit of the consumer. Marshallian consumer surplus. Compensating and equivalent variation of income. The relationship between various measures of consumer benefits.

Identified preferences. The idea and axiomatics of identified preferences. The concept of identified preferences in the theory of consumer choice.

Topic 3. The choice of the consumer, taking into account the factors of time, uncertainty and risk

Intertemporal choice of the consumer. Intertemporal comparison of values. Distribution of consumption between the current and future periods. Budget constraint and map of indifference curves for intertemporal choice. Savings and interest rate level.

Uncertainty and risk. Probability, expected cost and deviations from it.

Hypothesis of expected utility. The St. Petersburg paradox. The von Neumann-Morgenstern utility function and the ratio of individuals to risk.

Choice in conditions of uncertainty from the standpoint of consumer preferences in relation to conditional benefits. Features of the optimum of individuals with different attitudes toward risk. Joint risk taking. Market of insurance services. Tax avoidance.

Topic 4. Theory of the firm

Signs of the firm as a subject of the market. The basic concepts of the company: technological, contractual, strategic. Evolutionary approach to the analysis of the firm. Typology of firms and its criteria.

The problem of choosing the goal of the firm. Hypothesis of profit maximization.

Curves of short-term and long-term supply of a competitive firm that maximizes profits. Surplus of the manufacturer.

Alternative goals of the firm. Competitive firm that maximizes income. Competitive firm, managed by work. Models of the goals of the individual owner, manager and employees of the firm. The conflict of interests of the owner and the manager. Limits of deviations from the goal of maximizing profits.

Topic 5. Market equilibrium with perfect competition

Equilibrium market with perfect competition. Uniqueness and stability of industrial equilibrium.

Efficiency of the market structure of perfect competition.

Analysis of the impact of the state on the parameters of sectoral equilibrium, the welfare of market agents and society as a whole. Impact of taxation on taxes, ceilings on subsidies. Impact of import duties. The impact of price regulation.

Topic 6. Monopoly and its regulation

Equilibrium market with imperfect competition. Models of market structures with monopoly power. Measurement of monopoly power.

The offer of a monopolist. The choice of monopolist, maximizing profit, in the short and long term.

Monopoly and social effectiveness. Social costs of monopolization. Effect of taxation. Monopoly and control over prices. Regulation of monopoly through import quotas.

Natural monopoly and its regulation.

Monopolist, which maximizes gross revenue.

Price discrimination and its types. Conditions of implementation and objectives of price discrimination. Pricing according to the double tariff scheme, according to the "cost plus" principle. Sales of goods by sets and related sales.

Topic 7. Oligopoly

The concept of oligopoly. Classification of oligopoly models.

Oligopoly with a closed entrance, oriented to issue as a strategic variable. Isoprofit curves and reaction functions. The Cournot model. The Stackelberg model.

Oligopoly with a closed entrance, focused on price as a strategic variable. The Bertrand model. The model of price leadership of the dominant firm.

Cooperative oligopoly. A cartel that maximizes the profit of the industry. Model of repetitive interaction of oligopolists.

Oligopoly with an open entrance. Model of the limiting release. The model of price leadership of a dominant firm with an open entrance.

Price oligopoly with a differentiated product. Interaction on Bertrand. Conspiracy and the dilemma of oligopoly. A broken demand curve.

Efficacy of oligopoly.

Structure of the company's economic profit. Determination of the value of monopoly profits. Profit, recovered through lower costs.

Topic 8. Strategic behavior: game theory

Strategic decision making.

Games in a strategic form. Dominant and mixed strategies. Nash equilibrium.

Games in the expanded form. The tree of the game. Strategies and winnings. Strategies in games with perfect and imperfect information.

Topic 9. General equilibrium

The concept of general equilibrium. The problem of existence and stability of general equilibrium. Algebraic General Equilibrium Model. Conditions for achieving general equilibrium.

General equilibrium and efficiency. Pareto efficiency.

Efficiency in consumption. Curves of contracts and consumer opportunities. Competitive balance of consumers.

Efficiency in production. Curves of production contracts and production opportunities. Competitive balance of producers.

Efficiency of the structure of output.

The Arrow-Debreu model.

General equilibrium with taxes.

Topic 10. Public welfare

Theorems of economic welfare theory.

Criteria for the optimal allocation of resources. Comparative analysis of the criteria of Pareto, Caldor-Hicks, Sitovski.

The notion of a "second best solution." Areas of application of the concept of quasioptimality.

The curve of possible usefulness. Function of social welfare. A libertalistic approach. Utilitarian approach. The egalitarian approach.

3. COURSE MAP

Number of section, topic	Section, topic, lecture/practical/seminar; subjects under consideration	In-class hours						Other	Form of control
		Lectures	Practicals	Seminars	Lab classes	Controlled independent work			
						Lectures	Seminars		
1	2	3	4	5	6	7	8	9	10
1.	Topic 1. Consumer preferences and choices	1				1	1	[3,4,5,6,11,15]	
2.	Topic 2. Customer benefits and the concept of identified preferences	1		1		1	1	[3,4,5,6,10,11,15]	
3.	Topic 3. The choice of the consumer, taking into account the factors of time, uncertainty and risk	1		1		1	1	[3,4,5,6,10,11,15]	Контрольная работа
4.	Topic 4. Theory of the firm	1		1		1		[3,4,5,6,10,11,15]	
5.	Topic 5. Market equilibrium with perfect competition	1		1		1		[3,4,5,6,10,11,15]	
6.	Topic 6. Monopoly and its regulation	1		1		1		[1,2,3,4,5,6,11,12]	
7.	Topic 7. Oligopoly	1		1		1		[1,2,3,4,5,6,11,12]	Контрольная работа
8.	Topic 8. Strategic behavior: game theory	1		1		1	1	[1,3,4,5,6,9,11, 13]	

9.	Topic 9. General equilibrium	1				1	1	[1,2,3,4,5,6,11, 13]	
10.	Topic 10. Public welfare	1		1		1	1	[3,4,5,6,7,11,15]	Контрольная работа
	All	10		8		10	6		Зачет

COURSE RESOURCES

Legislative and normative acts:

1. Конституция Республики Беларусь 1994 года (с изменениями и дополнениями, принятыми на республиканских референдумах 24 ноября 1996 года и 17 октября 2004 года). — 3-е изд., стер. — Минск: Национальный центр правовой информации Республики Беларусь, 2008. — 64 с.

2. Гражданский кодекс Республики Беларусь: [принят Палатой представителей 28 окт. 1998 г.: одобрен Советом Республики 19 нояб. 1998 г.]: с изменениями и дополнениями по сост. на 1 сент. 2008 г. — 6-е изд., с изм. и доп. — Минск: Национальный центр правовой информации Республики Беларусь, 2008. — 653 с.

3. Национальная стратегия устойчивого социально-экономического развития Республики Беларусь на период до 2020 г. / Национальная комиссия по устойчивому развитию Республики Беларусь; Редкол: Я.М. Александрович и др. — Минск: Юнипак, 2004. — 202 с.

Course Books

Main literature:

4. Вэриан, Х.Р. Микроэкономика. Промежуточный уровень. Современный подход: Учебник для вузов по экон. спец. / Х.Р. Вэриан / Пер. с англ. под ред. Н. Л. Фроловой. — М.: ЮНИТИ, 1997. — 767 с.

5. Гальперин, В. Микроэкономика: в 2-х т. / В. Гальперин, С. Игнатъев, В. Моргунов. — СПб.: Экономическая школа, 2002. — Т.1. — 348 с. — Т.2. — 503 с.

6. Джейли, Д.А. Микроэкономика: продвинутый уровень / Д.А. Джейли, Ф. Дж. Рени. — 2-е изд. — М.: Изд. дом ГУ ВШЭ, 2011. — 720 с.

7. Кац, М. Микроэкономика: Пер. с англ. / М. Кац, Х. Роузен. — Минск: Новое знание, 2004. — XX, 828 с.

8. Пиндайк, Р. Микроэкономика: Учебник для экономических вузов и фак.: Пер. с англ. / Р. Пиндайк, Д. Л. Рубинфельд. — 2-е изд. — М.: Дело, 2001. — 807 с.

9. Тарасевич, Л.С. Микроэкономика: учебник для студентов вузов, обуч. по экон. спец. / Л.С. Тарасевич, П.И. Гребенников, А.И. Леусский. — 4-е изд., испр. и доп. — М.: Юрайт, 2006. — 374 с.

10. Чеканский, А.Н. Микроэкономика. Промежуточный уровень: учебное пособие для вузов / А.Н. Чеканский, Н.Л. Фролова. — М.: ИНФРА-М, 2005. — 684 с.

Additional literature:

11. Киреев, А.П. Микроэкономика для продвинутых. Задачи и решения: учебное пособие / А. П. Киреев, П. А. Киреев. – Москва: Вузовский учебник; ИНФРА-М, 2010. – 159 с.

12. Пахомова, Н, В. Экономика отраслевых рынков и политика государства: Учебник / Н.В. Пахомова, К.К. Рихтер. – М.: ЗАО «Издательство «Экономика», 2009. – 815 с.

13. Рой, Л.В. Анализ отраслевых рынков: Учебник / Л.В. Рой, В.П. Третьяк. – М.: ИНФРА-М, 2009. – 442 с.

14. Розанова Н.М., Микроэкономика фирмы: учебное пособие для студентов экон. спец. вузов / Н. М. Розанова, И. В. Зороастрова. – Москва: Интернет-Университет Информационных Технологий; БИНОМ. Лаборатория знаний, 2007. – 383 с.

15. Розанова, Н.М. Экономическая теория фирмы: Учебник / Н.М. Розанова. – М.: ЗАО «Издательство «Экономика», 2009. – 447 с.

