



Kuwait University
College of Business Administration
Master of Science in Economics Program



Course Syllabus
Spring 2024/2025
1030532 – Microeconomics II

Class Time and Location

Lecture: Wednesday, 5:00pm to 7:45pm; 1005/C3

Instructor Information

Instructor: Prof. Michail Skourtos
Office: Economics Department; Office 1020
Email: michail.skourtos@ku.edu.kw
Office Hours: Monday / Wednesday 1:00pm to 2:00pm

Course Description

The second of the two-course sequence in microeconomic theory, applying tools of game theory to the analysis of imperfect markets, strategic behavior, and non-standard allocation mechanisms. Market power, market failure (public goods and externalities), and asymmetric information (adverse selection, moral hazard, principal-agent problems, screening, and signaling), and corrective policy interventions. Factor inputs under different market structures, risk, and uncertainty. Survey of allocation mechanisms with few buyers and sellers (auctions, bargaining, voting, and matching) where conflicts between individual and social welfare arise, social choice theory, and mechanism design.

Mastery of course concepts is achieved through lectures, analytical homework, exams, and reading empirical journal articles related to course topics.

Course Learning Objectives (CLOs)

Upon successful completion of the course, students will be able to:

- CLO1.** Explain the causes and consequences of market power and market failure.
- CLO2.** Construct and analyze standard and nonstandard models of game theory.
- CLO3.** Apply game theory tools to the analysis of imperfect markets, strategic behavior, and information asymmetry problems.
- CLO4.** Describe and analyze alternative allocation mechanisms.
- CLO5.** Read and discuss applied and empirical journal articles.

CLO Mapping to Master Program Student Learning Outcomes (SLO)*

CLO	Competency Goal				
	Economic Theory	Quantitative Reasoning	Critical Thinking	Contextual Knowledge	Communication Skills
1	R		R		
2	I		I		
3	A	A	A		
4	I		I		
5	A	A	A		A

Type of Emphases:

- **(I)ntroduce:** Students will be introduced to the skill and their grasp of it assessed in the course.
- **(A)pply:** The course will not cover the skill. Students should have a high-level grasp of the skill & are required to apply it in the course.
- **(R)einforce:** Students should have an introductory-level grasp of the skill and the course will improve their mastery to a higher level.

* Master Program Student Learning Outcomes (SLO) can be found at the end of this document

Pre-Requisites and/or Co-Requisites

Pre-Requisite: 1030531

Required Material

Textbook:

- Primary: *Microeconomics*, R. S. Pindyck and D. L. Rubinfeld, 2018, 9th edition or later, Pearson
- Secondary: *Intermediate Microeconomics: A Modern Approach*, Hal R. Varian, 2020 or latest edition, Norton.
- Secondary: *Games of strategy*. A, Dixit, S. Skeath and D. Reiley, 2015 (4th Edition) Norton

Additional Material: Lecture notes provided by the instructor.

E-Learning System: MS Teams and Moodle.

Course Website: <https://moodle.ku.edu.kw>

Course Requirements

- **Participation and attendance:** students are expected to attend every class and participate actively.
- **Homework:** Five problem sets to be submitted individually.
- **Midterm exam(s):** two in-class midterm exams covering material indicated by the instructor.
- **Final exam:** a comprehensive final exam will be administered in-person during finals week, covering the entire material of the course.

Course Policies

- **Communication:** all class communication will be via MS Teams. Assignments are posted & submitted on Moodle.
- **Late assignment submission:** homework should be submitted on time. Late submissions are not accepted.
- **Class etiquette:** Refrain from using phones or taking pictures of the board.
- **Academic honesty:** submitted assignment must represent the student's own independent work. Violations of academic honesty are subject to the rules and regulations regarding cheating and plagiarism referenced below.
- **Research Resources:** use the KU library website to access the literature (<https://eresources.ku.edu.kw>). Google Scholar (<https://scholar.google.com/>) is also a great resource. If you cannot find or access an item, let me know.
- **Attendance and Participation:** students must abide by the KU-CGS by-laws regarding attendance (<https://cgs.ku.edu.kw/cgs-by-laws/>, Article 20).
- **Cheating and Plagiarism:** Every student in this course must abide by the KU-CGS by-laws regarding cheating and plagiarism ((<https://cgs.ku.edu.kw/cgs-by-laws/>, Article 20). Please carefully note all sources and assistance when you turn in your work. Under no circumstances should you take credit for work that is not yours. You should neither receive nor give any unauthorized assistance on any deliverable. If you have any questions about what constitutes "unauthorized assistance" please email me before the deliverable is submitted.
- **Disability:** inform the instructor if you have a disability and need assistance or accommodation.
- **CGS Rules:** you are responsible for familiarizing yourself with the College of Graduate Studies rules: <https://cgs.ku.edu.kw/cgs-by-laws/>

Grading

Requirement	%
Participation & attendance	5
Homework problem sets	20
Midterm exam(s)	30
Final exam (comprehensive)	45
Total	100

Course Outline

(tentative)

Topics	Readings	Weeks
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Introduction Review of perfectly competitive markets	P+R 1, 2, 3, 4; 16; HV 1, 2, 3, 4, 5, 6	1
Game theory: overview of common games and models	DSR 1, 2, 3; HV 29	2-4
Market structure and competitive strategy	P+R 10, 13; HV 30	5
Factor input markets: - Under perfect competition, monopoly, and monopsony - Capital markets	P+R 14, 15; HV 11, 27	6
Market failure: public goods, externalities, and asymmetric information	P+R 17, 18; HV 33, 34, 36,	7-9
Applications of game theory: strategic behavior, adverse selection, moral hazard, principal-agent problems, screening, and signaling	P+R 17; HV 38; DSR 8	10-12
Extensions: auctions, contracts, bargaining, mechanism design, matching, and voting	P+R 13, 17; HV 18, 30; DSR 8	13-14

Master of Science in Economics Program Student Learning Outcomes

- 1. Economic Theory:** Develop a solid grounding in economic theory and apply it to complex economic problems, business decisions, and policy questions.
 - 1.1. Construct microeconomic and macroeconomic theoretical models to explain behavioral and economic phenomena and analyze the functioning of markets, institutions, and economies.
 - 1.2. Apply theoretical models to derive equilibrium solutions, perform comparative statics analysis, and generate predictions from policy simulations.
- 2. Quantitative Reasoning:** Master advanced mathematical and statistical methods to construct economic models, specify and estimate appropriate econometric models, draw credible causal inferences, and produce reliable predictions and forecasts.
 - 2.1. Specify appropriate econometric models and statistical techniques to estimate behavioral and economic relationships and forecast macroeconomic variables.
 - 2.2. Develop credible identification strategies to estimate causal effects in microeconomic applications.
 - 2.3. Characterize empirical strategies employed in the literature and assess their validity.
- 3. Critical Thinking:** analyze complex economic models, evaluate their assumptions critically, test their predictions and policy prescriptions, and distinguish between causal relationships and spurious correlations.
 - 3.1. Analyze theoretical economic models and evaluate their assumptions and predictions.
 - 3.2. Assess economic arguments against their theoretical underpinnings and the empirical evidence.
 - 3.3. Question and formulate the economic rationale of policy interventions and their consequences.
 - 3.4. Assess the credibility of econometric methodologies for identifying causal relationships separate spurious correlations.
- 4. Contextual Knowledge:** attain a comprehensive knowledge of the history and issues related to the economies of Kuwait, the Arabian Gulf, and the Middle East and North Africa Region.
 - 4.1. Develop a working knowledge of the history and issues related to the local and regional economies.
 - 4.2. Characterize local and regional socioeconomic issues, phenomena, and policies within sound theoretical and empirical frameworks.
- 5. Communication Skills:** write clear, rigorous, and coherent high-level research papers and communicate their methodologies and findings effectively and persuasively through presentations.
 - 5.1. Produce high-quality research papers written clearly, rigorously, and coherently.
 - 5.2. Interpret and communicate methodological techniques and quantitative results effectively.
 - 5.3. Deliver coherent and effective research and practical presentations.