



AH2013 Microeconomics II 7.5 credits

Microeconomics II

This is a translation of the Swedish, legally binding, course syllabus.

Establishment

Course syllabus for AH2013 valid from Autumn 2010

Grading scale

A, B, C, D, E, FX, F

Education cycle

Second cycle

Main field of study

Specific prerequisites

A completed Bachelor's degree including at least 60 credits in mathematics/microeconomics and documented proficiency in English B or equivalent (TOEFL, IELTS eg).

Language of instruction

The language of instruction is specified in the course offering information in the course catalogue.

Intended learning outcomes

The course consists of two parts. The first is applied production theory, focused on models that can be applied for econometric analyses. The second presents theory and model formulations, which provide a platform for estimation of consumer demand.

The production theory part, based on the book by Chambers, comprises methods to estimate cost functions, profit functions, productivity development, and technical change. The focus of the lectures is on chapters 2, 3, 5 and 6.

The demand system part, based on the book by Pollak and Wales, discusses the criterion “theoretically plausible demand system”, and presents a set of formulations that satisfy this criterion. The lectures focus on chapters 1, 2, 3, 4 and 6.

Learning outcome:

The course should provide the student with background knowledge that can be used for designing econometric exercises. The student should be able to estimate a demand equation and equations describing the performance of production units and firms.

Course contents

Demand System Specification and Estimation: (i) Functional forms (ii) Expenditure, Separability and Flexible specifications, (iii) Demographic specification and welfare comparisons, (iv) Dynamic structure. (v) Stochastic specification.

Applied Production Analysis: (i) Cost function, (ii) The profit function, (iii) Flexible forms and aggregation, (vi) Technical change and its measurement.

Course literature

- RG Chamber "Applied Production Analysis", Cambridge University Press, Cambridge
- RA Pollak and TJ Wales, "Demand System Specification & Estimation", Oxford University Press, New York/Oxford.

Examination

- TEN1 - Examination, 7.5 credits, grading scale: A, B, C, D, E, FX, F

Based on recommendation from KTH's coordinator for disabilities, the examiner will decide how to adapt an examination for students with documented disability.

The examiner may apply another examination format when re-examining individual students.

If the course is discontinued, students may request to be examined during the following two academic years.

1. Assignment with a short essay on production analysis, including an estimation exercise.
2. Assignment with a short essay on demand analysis, including an estimation exercise.
3. Short written test

Other requirements for final grade

1. Assignment
2. Assignment
3. Short written test

Ethical approach

- All members of a group are responsible for the group's work.
- In any assessment, every student shall honestly disclose any help received and sources used.
- In an oral assessment, every student shall be able to present and answer questions about the entire assignment and solution.