

TET0070 Microeconomics II

Extended syllabus
Spring 2026

**Course
aims/objectives:**

The aim of this course is to extend the knowledge about microeconomics for future specialists. Introduce tools and methods of economic analysis that will serve as the strong basis for other courses in economics. The course considers the operation of a market economy and the problem of allocation of society's scarce resources. It considers how economic agents (individuals and firms) make their consumption and production decisions and how those decisions are coordinated. It considers the laws of supply and demand, introduces the theory of consumers and firms, and its components. The market failure are assessed as well as how public policies are designed to correct those.

Learning outcomes:

Knowledge and Understanding: The course aims to foster comprehension of the economic framework employed for the examination of decisions made by individuals within society, the dynamics of interactions between individuals and firms in markets, when markets fail, and the potential role of government policies in enhancing societal. (Learning outcomes 1-3)

Communication and Professional skills: The course aims to enhance students' capacity to formulate and uphold arguments utilizing the language and principles commonly employed in economics. Within this theoretical framework, students gain insights into the dynamics of interactions among economic agents, equipping and mastering them with the literacy and oral communication skills. (Learning outcomes 4-6)

On the successful completion of the course students will be able to:

1. understand the fundamental economic concepts (demand and supply, consumer choice, production, market structures);
2. describe how markets organize the allocation of resources and how governments regulate market failures;
3. relate the basic economic theories to current microeconomic issues;
4. master mathematical tools to model graphs for the main economic models (consumer, producers, markets);
5. conduct independent analysis and collaborative analysis with peers to explain economic events;
6. demonstrate proficiency, both written and verbal communication, using economic terminology.

**Brief description of
the course and topics
to be covered:**

The equilibrium in the market; budget constraint; preferences; utility; choice; demand; consumer's surplus; market demand; equilibrium; technology; cost minimization and cost curves; profit maximization; firm supply; industry supply; monopoly; oligopoly; exchange and efficiency; efficiency and equilibrium.

Language of the course:	English
ECTS credits:	6 ECTS
Coverage of SDGs and ERS (sustainable development goals, ethics, responsibility and sustainability):	<p>This teaching activity contributes to the achievement of the Sustainable Development Goals of the UN 2030 Agenda:</p> <p>SDG 4: providing inclusive and equitable quality education and promoting lifelong learning opportunities for all.</p> <p>SDG 8: promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>
Students:	This is a mandatory course for students enrolled in Applied Economics (TAAB). Erasmus students, students from Open University can also attend the course.
Special needs:	Persons with disabilities can participate in this course. Please inform the professor(s) in the beginning of the course of any special instruction, or assessments of this course that may be necessary to enable you to fully participate in this course.
Registration:	Students who would like to take the course should declare the course in the ÖIS (Student Information System) by deadlines set in the academic calendar.
Prerequisite courses and/or knowledge:	Basic knowledge of mathematics (including first order condition) and prior knowledge of microeconomics I is preferable.
Prerequisite resources:	No prerequisite resources
Professor(s):	<p>Simona Ferraro, PhD Assistant Professor - Department of Economics and Finance Office: SOC-455 (4th floor) e-mail: simona.ferraro@taltech.ee</p> <p><u>Office hour:</u> 12:00 – 13:00 on Wednesdays. Please send an e-mail some days ahead to arrange a meeting.</p>
Contacting Professor(s):	Preferred means of contact by e-mail, responses provided within 2 workdays .
Schedule for classes:	<p>Lectures: Tuesdays 9:30-11:00 in SOC-212</p> <p>Practices: Tuesdays 11:15-12:45 in SOC-212</p>
Study process description:	<p>The course combines lectures and seminars. The schedule with topics and readings for each week is provided below (detailed plan). The aim of the lectures is to introduce the main concepts, practical aspects of the topics discussed. During the seminar process, tasks might also be handled to students. After each lecture, there will be seminars with discussion and solving of exercises. The exercises will be uploaded in Moodle webpage after each seminar. Some extra exercises can also be provided to students as training. It is advisable to attend seminars. In some cases, exam questions might resemble exercises/questions discussed. It is <u>important and compulsory</u> that student try to do the exercises during the seminar and, also</p>

after each class. Visiting Professors may also come to teach during the semester if possible.

Lectures and exercises, complemented by supporting material. Interactive tools, market simulations, newspapers articles and scientific articles will be used during the lectures to foster the understanding of the phenomena under study.

Course's e-support: Course materials (slides, exercises, videos, readings) can be accessed via the e-learning environment Moodle under the course title TET0070 Microeconomics II <https://moodle.taltech.ee/course/view.php?id=36626>

Students can enrol to the course themselves during the week 1. If you have no Moodle account yet, please create it by filling in the registration form at <https://moodle.taltech.ee/login/signup.php>

Study literature: Hal R. Varian. Midterm Microeconomics. A Modern Approach. Sixth Edition. W. W. Norton Company, 2003

Feedback Verbal feedbacks are provided to students during the whole course, in private meetings or during the lectures. Witten feedbacks are provided in the examinations' works.

Assessment Examination.

If a student is sick at the time of the midterm exam and would like to take a **make-up midterm exam**, she/he has to forward a medical note/certificate to Simona Ferraro by email, as soon as she/he is sick and not more than 2 days after the date of the midterm exam. The note/certificate does not have to contain confidential/delicate information. A make-up exam will be arranged within 5 days from receiving the email by the student.

Assessment methods	Assessment criteria
<p>Midterm exam (evaluates learning outcomes 1-6).</p>	<p>Maximum 100 points. Five (5) exercises. Each exercise gives different points according to the difficulty. The exam has to be solved in 2 hours. The exam has to be solved in 2 hours, independently.</p> <p>The midterm exam gives 40% of the final grade. The midterm exam cannot be re-taken.</p>
<p>Final exam (evaluates learning outcomes 1-6)</p> <p>The final exam will be held in the end of the course.</p>	<p>Maximum 100 points. Five (5) exercises. Each exercise gives different points according to the difficulty. The exam has to be solved in 2 hours.</p> <p>The final exam gives 60% of the final grade</p>

The exam must be solved individually **without the use of any material** (books, notes, notes, etc.). It is allowed to use a calculator without textual memory (use of computers, memory calculators, mobile phones and other equipment is not allowed during the exam). No additional partial exams will be scheduled during the academic year. If an exercise is linked to a difficult formula, the formula will be provided by the instructor to all students.

Eligibility for assessment:

No prerequisites. Even if the student fails the midterm exam, she/he can do the final exam.

Final grade formation:

40% x midterm grade + 60% x final exam grade

The sum of points for each item is converted into a grade using the following principles:

"5" excellent 91-100

"4" very good 81-90

"3" good 71-80

"2" satisfactory 61-70

"1" poor 51-60

"0" fail less than 51

Assessment uses a threshold criterion combined with formative assessment. The students will receive feedback on their works. The summative grade is based on this combination.

Academic integrity:

As a student at TalTech School of Business and Governance, you have an obligation to conduct your academic work with honesty and integrity according to University standards. It is expected that all work that you submit will be your own, and that you have actually done the work that you are submitting. Plagiarism and cheating will not be tolerated. Should you be found to be guilty of such activities, it will be followed with grade "0" for the assignment or the whole course and a notice will be filed to the School's Committee for Handling Violations of Academic Practice and Contemptible Behaviour. Depending on the Committee's proposal, it may lead to Dean issuing a letter of reprimand or in case of repeated or very severe misconduct, exmatriculation from the University.

Detailed schedule and topics

The semester plan is preliminary and might be changed in case of cancellations, changes in available reading material, etc.

Week 1: February 3, 2026

Introduction to the course. Demand and supply, the market, equilibrium in the market.

Before-class: Chapters: 1 and 16

In class: lecture, practical part (with mathematical exercises, analysis of graphs), short reading with discussion in class.

After-class: read material provided in Moodle, watch videos uploaded (if any), solve few exercises as homework. Approximately 2h.

Week 2: February 10, 2026

Introduction to consumer theory: preferences and constraints, indifference curves, budget constraint, Marginal Rate of Substitution (MRS).

Before-class: Chapters from 2, 3, 4 and 5

In class: lecture and practical parts with mathematical exercises. 1-2 exercises as homework.

After-class: read material provided in Moodle and watch videos uploaded (if any). Approximately 4h.

Week 3: February 17, 2026

Market demand: consumer surplus, elasticity of demand and elasticity of supply and taxation.

Before-class: Chapters: 6, 8, 14 and 15

In class: lecture, practical part (with mathematical exercises, analysis of graphs) and card matching (game) in groups, in rotation in class for the first 3 blocks.

After-class: read material provided in Moodle and watch videos uploaded (if any). Approximately 6h.

Week 4: February 24, 2026

Recorded due to holiday!

Intertemporal choice and choice under uncertainty.

Before-class: Chapters: 10, 12

In class: lecture, practical part (with mathematical exercises, analysis of graphs).

After-class: read material provided in Moodle and watch videos uploaded (if any). Approximately 4h.

Week 5: March 3, 2026

Introduction to firm theory: technology, production function, diminishing marginal productivity, economies of scale, Marginal Rate of Technical Substitution (MRTS).

Before-class: Chapters: 18, 19

In class: lecture, practical part (with mathematical exercises, analysis of graphs), crosswords or find the hidden word on Moodle

After-class: read material provided in Moodle and watch videos uploaded (if any). Approximately 3h.

Week 6: March 10, 2026

Midterm exam based on topics covered from week 1 to week 5. The exam will last 1 hour and 30 minutes and consists of 5 mathematical tasks.

Evaluation of knowledge acquired during the first part of the course. It consists of mathematical tasks with graphical representation.

Week 7: March 17, 2026

Cost function: cost minimization, cost curves.

Before-class: Chapters: 20, 21

In class: lecture, practical part (with mathematical exercises, analysis of graphs).

After-class: read material provided in Moodle and watch videos uploaded (if any), solve few exercises as homework. Approximately 3h.

Week 8: March 24, 2026

Firm theory: market structures, profit in competitive market and equilibrium in competitive market. Introduction to other markets.

Before-class: Chapters: 22, 23

In class: lecture, practical part (with mathematical exercises, analysis of graphs).

After-class: read material provided in Moodle and watch videos uploaded (if any). Approximately 3h

Week 9: March 31, 2026

Monopoly, equilibrium and profit in monopoly, social cost of monopoly.

Before-class: Chapters: 24

In class: lecture, practical part (with mathematical exercises, analysis of graphs).

After-class: read material provided in Moodle and watch videos uploaded (if any). Approximately 2h

Week 10: April 7, 2026

Oligopoly and strategic behaviour

Before-class: Chapters: 28

In class: lecture and seminar, discussion etc.

After-class: read material provided in Moodle and watch videos uploaded (if any). Approximately 4h

Week 11: April 14, 2026

Minimum wage; individual labour supply

Before-class: Chapters: 27

No lecture in class: students should read one scientific article on labour economics uploaded on Moodle

Week 12: April 21, 2026

Game theory and concepts of welfare economics (Edgeworth box, first and second welfare theorem, asymmetric information, moral hazard, adverse selection).

Before-class: Chapters: 29 and some concepts from chapters 32-34

In class: lecture, card matching for the last blocks after midterm examination

After-class: read material provided in Moodle and watch videos uploaded (if any). Approximately 4h