



Course information 2026-27

EC2066 Microeconomics

General information

MODULE LEVEL: 5

CREDIT: 30

NOTIONAL STUDY TIME: 300 hours

MODE: Locally Taught, Independent Learner Route and Online Taught

Summary

This course is designed to equip students with strong foundations in microeconomic theory – with emphasis on choice behaviour, general equilibrium, imperfect competition, game theory, and classical contract theory under asymmetric information. It builds on the foundational knowledge in economic analysis developed in *EC1002 Introduction to economics*.

Conditions

Please refer to the relevant programme structure in the EMFSS Programme Regulations to check:

- where this course can be placed on your degree structure; and
- details of prerequisites and corequisites for this course.

You should also refer to the Exclusions list in the EMFSS Programme Regulations to check if any exclusions apply for this course.

Aims and objectives

The aims of this course are to:

- Deepen students' understanding of the fundamental theories of choice behaviour and the efficiency of the resulting outcomes for society and markets.
- Introduce the analysis of strategic interaction and interaction under asymmetric information.
- Clarify the role of economic policies as tools to improve efficiency in the presence of market failures.
- Promote structured thinking and highlight the importance of formal reasoning.
- Demonstrate the art of economic modelling by identifying key elements and trade-offs in economic settings and translating them into formal models.

Learning outcomes

By the end of the course, and having completed the essential readings and activities, students should be able to formally define, discuss, analyse, and assess:

- The determinants of consumer choice in static, dynamic, and uncertain environments.
- The behaviour of firms across different market structures.
- How the interactions of firms and households determine market prices.
- The welfare properties of perfectly and imperfectly competitive markets.
- The impact of externalities and public goods on the efficiency of market equilibria.
- The behaviour of agents in both static and dynamic strategic settings.
- The influence of asymmetric information on strategic behaviour.
- The effects of strategic behaviour and asymmetric information on market efficiency.
- The design and role of policies and contracts aimed at improving welfare.

These outcomes will prepare students for further study in units that require a solid foundation in microeconomic theory.

Employability skills

The three most relevant employability skills that students acquire by undertaking this course are:

1. Decision Making

Students gain a deep understanding of canonical models of optimal and strategic choice, equipping them to make informed and rational decisions in complex environments.

2. Complex Problem-Solving

Through the study of strategic interaction, students develop the ability to navigate and solve multi-layered problems involving multiple agents and competing interests.

3. Persuasion & Negotiation

Applications of economic theory in negotiation, contracting, and persuasion prepare students to effectively advocate for outcomes and design mutually beneficial agreements.

Essential reading

For full details, please refer to the reading list. The principal text is

Walter Nicholson and Christopher Snyder, *Microeconomic Theory: Basic Principles and Extensions* (Cengage 2025) Thirteenth edition [ISBN 9780357929384].

Assessment

This course is assessed by a three-hour and fifteen-minute closed-book written examination (80%) and a sixty-minute Multiple-Choice Question component (20%). The Multiple-Choice Question assessment will examine students' knowledge of key concepts in Chapters 2 – 7 for RTC and ILR students and in Sections D – I for Online students.

Syllabus

This unit explores how economic decisions are made by households and firms, and how these decisions interact to determine prices, quantities, and the allocation of resources. It also examines strategic interaction, asymmetric information, and the role of policy and contracts in enhancing welfare. The topics covered include:

- Consumer Theory: Choice, demand, and labour supply.
- Choice Under Uncertainty: The expected utility model.
- Producer Theory: Firms, production and cost functions, and industry supply.
- Game Theory: Normal-form and extensive-form games, Nash equilibrium, subgame perfect equilibrium, repeated games, and cooperative equilibria.
- Market Structure: Competition, monopoly, and oligopoly.
- General Equilibrium: Competitive equilibrium, efficiency, and the welfare theorems.
- Dynamic Choice: Intertemporal decisions involving savings and investment.
- Information Economics: Moral hazard and adverse selection, market failures, and contracts.
- Market Failures: Monopoly power, externalities, and public goods.
- Economic Policy: The role of government intervention in correcting market failures and improving welfare.

A working knowledge of constrained optimisation and Lagrangian methods, as covered in *MT105A Mathematics 1*, is essential for success in this course.