

Faculty of Economics and Political Science

Mathematical Economics 2

Information:

Course Code: ECO 404 Level: Undergraduate Course Hours: 3.00- Hours

Department: Department of Economics

Area Of Study:

This course relates mathematical techniques to economic analysis. It intends to provide a mathematical representation to economic theories. The course covers a variety of topics, for example: Game theory, Nash equilibrium, The Principal Agent Problem with Hidden Information, Bayes theory, Cournot's model and oligopolistic competition. It offers students with applications and case studies in several topics such as: price wars, externalities and public goods.

Course Goals:

- "ÁProvide students with the mathematical tools required for economic analysis."
- "Áreach students how to apply the Lagrange multiplier approach to constrained optimization problems."
- "Ácquaint students with solving economic problems in a matrix form and inform them with Cramer's rule."
- *Æconomic Applications using game theory.
- *Æguip Students how to formulate economic problem in mathematical terms.

Description:

This course relates mathematical techniques to economic analysis. It intends to provide a mathematical representation to economic theories. The course covers a variety of topics, for example: Game theory, Nash equilibrium, The Principal Agent Problem with Hidden Information, Bayes theory, Cournot's model and oligopolistic competition. It offers students with applications and case studies in several topics such as: price wars, externalities and public goods.

Course outcomes:

a. Knowledge and Understanding: :

- 1 Differentiate between different models of oligopolistic competition.
- 2 Identify Homogeneous and Homothetic Functions, as well as explaining Concavity and Convexity.
- 3 Define the basics of matrices, and their importance for economists.

b.Intellectual Skills: :

- 1 Appraise national and international company's situations using the concept of game theory and Nash equilibrium.
 - 2 Calculate costs, revenues and profits of real case studies using different oligopolistic competition models.

c.Professional and Practical Skills: :

- 1 Practice the Principal Agent Problem in real situations.
- 2 Manipulate game theory and the use of Nash Equilibrium concept in solving economics problems.
- 3 Apply mathematical, statistical and graphical techniques in an appropriate manner.



d.General and Transferable Skills::

- 1 Encourage Innovation and knowing how to work towards the results.
- 2 Use critical thinking methods for solving problems and decisions making.

Course Topic And Contents :				
Topic	No. of hours	Lecture	Tutorial / Practical	
Introductory lecture and course outline Revision on matrices, differentiation, Integration and different types of functions	9	3		
Game theory	6	2		
Nash equilibrium	6	2		
Midterm Exam		1		
The Principal Agent Problem with Hidden Information	6	2		
Cournot's model and oligopolistic competition	6	2		
Economic Applications and Case studies	6	2		
Final Exam		1		

Teaching And Learning Methodologies:

Data show and computer in lectures

Case studies Applications.

Group discussion and presentations.

Course Assessment:					
Methods of assessment	Relative weight %	Week No	Assess What		
Course Work (Attendance, Participation, Assignments, Quizzes, Research Paperõ D	30.00		To assess understanding and to assess theoretical background of the intellectual and practical skills.		
Final Exam	40.00	15	To assess knowledge and intellectual skills.		
Midterm Exam	30.00	8	To assess professional skills.		