

ECON 2103 Principles of Microeconomics

Spring 2024

Hong Kong University of Science and Technology
Department of Economics

Instructor	Deyu RAO dyrao@ust.hk
Lecture	Tue/Thu 04:30PM - 05:50PM @ LSK 1014
Office Hours	Fri 03:30PM - 04:30PM @ LSK 6072 By appointment.
Tutorial/TA Office Hours	Mon 03:30PM - 04:20PM @ LSK 1003 (Tutorial sessions will only take place if they have been officially announced on Canvas, e.g. after PS and before midterm. TA will hold office hours by appointment, instead.)
TA	Victor YIP victory@ust.hk
Prerequisite	None
Credit	3 units

Course Description

This introductory microeconomics course aims to explore fundamental concepts and analytical tools essential for understanding market dynamics. Microeconomics examines the decisions made by consumers, firms, and government entities within the constraints of resource scarcity. The study of economics provides a powerful framework for comprehending diverse human and social phenomena. Real-world examples and cases will be integrated throughout the course to enhance your grasp of the material. By the end of the course, it is anticipated that you will cultivate a microeconomic mindset, empowering you to analyze and interpret the intricate workings of our world.

Textbook

Principles of Microeconomics, 9th ed., N. Gregory Mankiw, South-Western, Cengage Learning.

Additional and supplementary materials (if any) outside the textbook will be updated onto Canvas.

Assessment Scheme

- Homework: Problem sets will be assigned for each chapter in the textbook, and your individual responses must be submitted on or before the specified deadline.

Submission is via Canvas, and no late submissions will be accepted. To enhance your learning experience, consider forming small study groups to collaboratively tackle the problem sets. Suggested solutions will be provided on Canvas.

Note that only the best $(N - 2)$ problem sets will be considered for grading. For example, if a total of 11 problem sets are assigned, I will evaluate and include the scores from your best 9 sets in determining your final grade. Should you have any questions regarding the problem sets, do not hesitate to seek assistance from either myself or the TA.

- Midterms: There will be two in-class midterm exams, covering lecture materials, problem sets and assigned reading (if any).
 - 1st midterm exam: Mar 14th @ LTB, covering Ch 1-8
 - 2nd midterm exam: Apr 16th @ LSK 1014 & LSK1033, covering Ch 13-15
- Final exam: The final Exam is 3-hours long and cumulative. It may contain multiple-choice, true-or-false questions and essay-type questions that require written explanation. Time and venue TBA.
- Grading scheme: Your total score for the course will be computed by the following two schemes, whichever yields the higher score for you.
 - Scheme A: [Homework 10% + two midterms 15% \times 2 + final 60%], or
 - Scheme B: [Homework 10% + the higher midterm 20% + final 70%]

Note that the scheme ensures that it is always in your interest to try both midterm exams, while missing one midterm would not be heavily penalized.

Absence from Midterm and Final Exam

- If for any reason you are unable to attend the midterms or final exam, you must seek the approval of absence from me directly before the exam. Your request should be supported by valid documents, such as a medical certificate issued by a registered medical practitioner. Absence from an exam without prior approval would result in zero score.
- There will be no make-ups for any midterm exams.
- For students who are absent from the final exam with prior approval, make-up exam will be scheduled the soonest, usually one day after the final exam or the recommended sick leave. It is the responsibility for those who request for a make-up exam to ensure their availability. Please note that the instructor has the final discretion on all arrangements of the make-up exam. Students who request for the make-up final exam should comply with the requirements as communicated by the instructor. Failing to meet any requirement may result in a zero score.

Intended Learning Outcomes (ILOs)

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

- Explain the methodology of microeconomic analysis, including key assumptions used, how economics differs from the other social science disciplines, and the strengths and limitations of this analysis framework (SILO #1);
- Describe the key concepts and tools of microeconomic analysis, such as gain from trade and specialization, how price is determined in the free market, how efficiency is measured, how the market structure affects the determination of market price and quantity transacted, and decision-making by buyers and producers under constraints (SILO #1, #3);
- Examine the role of government and its interaction with the free market by evaluating government policies and their impact on economic activities and justifications for government intervention or participation, such as to maintain the public good (SILO #1, #3, #4);
- Apply economic tools and principles to identify, analyze and propose explanations for and solutions to real world issues (SILO #2, #3, #4).

Note: For details of School Intended Learning Outcomes (SILOs) from the School of Business and Management (SBM), please refer to <https://bmundergrad.hkust.edu.hk/academics/academic-programs/learning-outcomes>.

Academic Honesty and Integrity

Honesty and integrity is a central value in HKUST. Please be aware of the importance and maintain a high standard of honesty in the problem sets and examinations in this course. Please familiarize yourself to the university rules and the HKUST academic honor code. The code will be strictly enforced, and any violation cases will be reported to the university. For details on academic integrity, please refer to <https://registry.hkust.edu.hk/resource-library/academic-integrity>.

Tentative Course Schedule

- **Module 1.** (11 lectures)
 1. 10 Principles
 2. Thinking Like an Economist
 3. Interdependence and the Gains from Trade
 4. The Market Forces of Supply and Demand
 5. Elasticity and Its Applications
 6. Efficiency of Market
 7. Supply, Demand, and Government Policies
 8. Application: The Costs of Taxation
- **1st Midterm Exam**
- **Module 2.** (5 lectures)
 1. The Costs of Production
 2. Firms in Perfect Competitive Market
 3. Monopoly
- **2nd Midterm Exam**
- **Module 3.** (6 lectures).
 1. Oligopoly
 2. Externalities
 3. Public goods and common resources
- **Other in-class activities.**
 - **Midterm** (2 lectures).
 - **Review** (1 lecture, if time allows).

Note: This is a tentative course outline. The instructor may fine-tune the topics while ensuring the course objectives being achieved.