

ECON 2103 (L2) Principles of Microeconomics

Spring 2026

Hong Kong University of Science and Technology

Department of Economics

Instructor	Deyu RAO 饒德宇 dyrao@ust.hk
Lecture	TuTh 04:30PM - 05:50PM @ Rm 1527, Lift 22
Office Hours	By appointment @ LSK 6072
Tutorial/TA Office Hours	Tu 03:00PM - 03:50PM @ LSK 1009 Tutorial sessions will only take place if they have been officially announced on Canvas. TA will hold office hours by appointment, instead.
TA	Teresa LAU ectylau@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, 10th edition, by N. Gregory Mankiw, South-Western, Cengage Learning.

Additional and supplementary materials (if any) outside the textbook will be updated onto Canvas. Older versions of the textbook might also work.

Assessment Scheme

This course will be assessed using criterion-referencing and grades will not be assigned using a curve. Detailed rubrics for each assignment are provided below, outlining the criteria used for evaluation.

- 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 via Canvas. **No late submissions will be accepted.**

Note that only the best ($N - 3$) problem sets will be considered for grading. You do not need to specify which ones to include or exclude. For example, if a total of 10 problem sets are assigned, I will evaluate and include the scores from your best 7 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.

To enhance your learning experience, consider forming small study groups to collaboratively tackle the problem sets. Suggested solutions will be provided on Canvas.

- Midterm: There will be one in-class midterm exam, covering lecture materials, problem sets, and any assigned readings. The midterm is scheduled for April 16 during lecture time (4:30–5:50 PM). All questions will be multiple choice (MC). The venue and the specific chapters covered will be announced at a later date.
- Final exam: The final exam is cumulative. The venue and time will be announced by the **University Academic Registry** by mid-March. The exam will be held during the examination period (May 16–29). The final exam will consist of multiple-choice (MC) questions and short-answer questions.
- Participation will be assessed based on random attendance checks during lectures and tutorials.
- 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:

[Problem Set 10% + Midterm Exam 27% + Final 60% + Participation 3%], or

- Scheme B: [Problem Set 10% + Final 87% + Participation 3%]

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

Absence from Midterm and Final Exam

- There will be no make-up for the midterm exam.
- If, for any reason, you are unable to attend the final exam, you must obtain approval for absence from the instructor before the exam. The request must be supported by valid documentation, such as a medical certificate issued by a registered medical practitioner. Absence from the final exam without prior approval will result in a zero score.
- For students granted prior approval to miss the final exam, a make-up exam will be arranged at the earliest possible time, typically one day after the scheduled final exam or the end of the recommended sick leave. It is the student's responsibility to ensure availability for the make-up exam. Please note that the instructor reserves

final discretion over all make-up exam arrangements. Students taking a make-up final exam must comply with all requirements communicated by the instructor; failure to do so may result in a zero score.

Intended Learning Outcomes (ILOs)

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

- Apply economic tools and principles to identify, analyze, and propose explanations for and solutions to real-world issues (SILO # 1, 3, and 4).
- Acquire a fundamental understanding of the operation of the market economy and be able to apply it: including market price determination, efficiency, and fairness (Strength and weakness) of the market system, the conditions under which markets perform well, and how the market (price and quantity transacted) will change in response to a changing environment (SILO # 1, 3, and 4)
- Understand the framework to address the role of government and be able to apply it: when and in which direction the government should intervene in the markets (SILO # 1, 3, and 4)
- Understand firms' optimal decision-making under different market structures, consumers' optimal decision-making, and be able to apply it (SILO # 1, 3, and 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>.

Rubrics for Final Grade

- Excellent Performance (A range): Demonstrates a strong understanding of microeconomic principles and analytical tools covered in the course. Consistently excels in applying concepts to solve economic problems in problem sets and exams.
- Good Performance (B range): Shows a solid grasp of microeconomic concepts and analytical tools. Effectively applies these techniques to solve problems in assignments and exams.
- Satisfactory Performance (C range): Displays basic knowledge of microeconomic principles and tools. Demonstrates limited ability to apply concepts to solve problems. Acceptable performance in assignments and exams.
- Fail: Shows inadequate understanding of microeconomic principles and analytical tools. Struggles to apply concepts in problem sets and exams, reflecting insufficient grasp of the course material.

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: Chpt. 1-8.** (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
- **Module 2: Chpt. 14-16, 18.** (7 lectures)
 1. The Costs of Production
 2. Firms in Perfect Competitive Market
 3. Monopoly
 4. Oligopoly
- **Module 3: Chpt. 10-11.** (5 lectures).
 1. Externalities
 2. Public goods and common resources
- **Other in-class activities.**
 - **Midterm** (1 lectures).
 - **Final 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. Detailed lecture schedule will be made available on Canvas.