ECON2103 (L1-L3) - Principles of Microeconomics

Fall 2025/2026
Department of Economics
Hong Kong University of Science and Technology

Updated Sep 1, 2025

Lecture Time:	L1: Tu & Th 12:00-1:20 pm L2: Tu & Th 10:30-11:50 am L3: Mo & We 9:00-10:20 am
Venue:	L1 & L2: G009A, CYT Bldg L3: Rm 1034, LSK Bldg
Course Website:	https://canvas.ust.hk/
Instructor:	LI, Xuan
Office:	LSK6042
Email/Phone:	xuanli@ust.hk / (852) 2358-7597
Office Hours:	Mo 10:20 am – 12:00 pm, or by appointment
Teaching Assistants:	YIP, Victor
Office:	LSK6066
Email:	victory@ust.hk
Tutorials:	T1: Th 2:00 - 2:50 pm, Rm 2503 (Lift 25-26) T2: Tu 6:00 - 6:50 pm, Rm 5583 (Lift 29-30) T3: Tu 2:00-2:50 pm. Rm 1010 LSK Bldg
Office Hours:	By appointment

1 Course Description

Theory of firm in a free enterprise system; theory of consumer demand; market structures and resource allocation; efficiency of competitive markets; selected topics on government regulation. Students with non-local qualifications should seek department's or school's approval for enrollment in the course.

2 Textbook

"Principle of Microeconomics, 10th edition" by N. Gregory Mankiw, published by South-Western, Cengage Learning.

- You are required to read the assigned textbook chapters / sections. (Most) problem sets can be found in textbook.
- Supplementary materials (if any) will be posted on CANVAS.
- Textbook includes the right to "Mindtap" (a web-based software with practice questions.
- Using Mindtap is NOT required. Feel free to make your own choice.

3 Course Intended Learning Outcomes (CILOs)

- 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 market economy and being able to apply it: including the market price determination, the efficiency and the fairness (strength and weakness) of market system, the conditions under which the markets can perform well, and how the market (price and quantity transacted) will change in responding to changing environment (SILO # 1, 3 and 4)
- Understand the framework to address the role of government and able to apply it: when and in which direction the government should intervene the markets (SILO # 1, 3 and 4)
- Understand firms` optimal decision making under different market structure, consumers` optimal decision-making and able to apply it (SILO # 1, 3 and 4)

4 Course Format and Teaching Approach

This course is delivered through lectures and tutorials. Students attend two 80-minute lectures and one 50-minute tutorial per week. Please attend all lectures and tutorials and participate in discussions.

Teaching & Learning Activities	**Roles**
Lectures	Explain key concepts and their applications; Cases and examples to build student's critical and analytical ability (CILO # 1,2,3)
Problem Sets	Enhance understanding of course materials and their application through practice (CILO # 1,2,3)
Tutorials	Review and synthesize course materials; Supplementary samples and exercises (CILO # 1,2,3)

5 Course Website

All course materials and announcements will be posted on CANVAS: http://canvas.ust.hk. You should visit CANVAS frequently to receive the latest announcement, obtain class material and verify your personal grading records.

6 Examinations and Grades

Problem sets:

- Problem sets will be assigned for each chapter of the textbook. You have to turn in your problem set answer on or before the deadline. Problem set submission would be done by uploading your answer through CANVAS. Only electronic submission in PDF format is allowed. NO late submission will be accepted.
- You are encouraged to form small study groups of at most 4 members to work on the problems. If you decide to work in a group, only one group member needs to submit a copy on behalf of all the group members, with the names and student IDs of everyone listed at the beginning of your problem sets. See the format in: Files/HW_Assignments/Assignment_Frontpage.docx.
- Each problem set is graded with a score of 0, 1 or 2. *N-1* problem sets will be counted into final grade (*N*= # problem sets).
- Suggested solution will be posted on CANVAS. If you have any questions about the problem sets, please seek help from me or the TA.

Midterm Exams:

There will be TWO midterm exams. The midterm exam will cover lecture materials, problem sets and assigned reading (if any).

- Midterm Exam (1): October 16 (Thursday Evening, Tentative)
- Midterm Exam (2): November 13 (Thursday Evening, Tentative)

There will be NO makeup for the Midterm exams. If you miss both midterm exams for any reasons, you will receive ZERO for your midterm exams.

Final Exam:

The Final Exam is CUMULATIVE. It may contain multiple-choice, true & false questions and essay-type questions which require written explanation.

- Final Exam: TBD

If you intend to travel at the end of the semester, please be careful to arrange your travel plans to avoid any schedule clash. Request for a change of final examination date will not be accommodated.

Overall Grading for the Course:

Your total score for the course will be computed by the following two schemes, whichever yields the higher score for you. As you can see that it always makes sense to take both midterm exams.

Scheme (1): Total Course Score with TWO Midterms

Problem Sets	10%
1st midterm + 2nd midterm	15% + 15%
Final Exam	60%

Scheme (2): Total Course Score with ONE Midterm

Problem Sets	10%
The higher Midterm	25%
Final	65%

With my approval, make-up will be arranged for students who are absent from the final exam. Your request of absence from the final exam must be supported by valid documents, such as original copy of medical certificate issued by a registered medical practitioner. Absence from the final exam without approval will result in ZERO score.

For most cases, make-up exam will be scheduled the day after the official final exam date (if medical certificate indicates that you get one day sick leave). It is the responsibility for those who request for a make-up 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 all the requirements as communicated by the instructor. Failing to meet any requirements may result in a ZERO score.

7 Grading Rubrics

Grades	**Short Description**	**Elaboration on subject grading description**
A	**Excellent Performance**	Students demonstrate a strong grasp of the course material and effective application of economic methods taught. They excel in problem sets, and perform exceptionally on exams. They exhibit exceptional analytical skills and critical thinking skills. Consistently contribute to class discussion.
B	**Good Performance**	Students demonstrate a solid understanding of course materials, proficient use of economic methods taught. They are competent in completing problem sets. They show commendable analytical skills and effective critical thinking. Regular participation in class discussion.
C	**Satisfactory Performance**	Students demonstrate an adequate understanding of course material, and can apply economic methods taught to familiar problems. They are able to complete problem sets in time. They display acceptable analytical skills and critical thinking in exams and participate in class discussion.
D	**Marginal Pass**	Students demonstrate basic understanding of course material, inconsistent use of economic methods taught, and marginal performance in problem sets. They show basic analytical skills and critical thinking in exams. Their participation in class discussions is inconsistent.
F	**Fail**	Students demonstrates insufficient understanding of the course material and lacks the necessary problem-solving skills. They display limited ability to think critically or analytically and exhibits minimal effort towards achieving learning goals. Their participation in class discussion is minimal.

8 Academic Honesty and Integrity

Academic integrity and honesty are one of the key values of HKUST. Please read the information on academic integrity carefully. It is your responsibility to be familiarized with the Academic Honor Code and the content on the Academic Integrity website (https://registry.hkust.edu.hk/resource-library/academic-honor-code-and-academic-integrity). The Code will be STRICTLY enforced. I will report any violation cases to the University without exception and punishment will be imposed accordingly.

Use of generative AI is allowed for in-class and after-class assignments, but NOT in exams.

9 Email Policy

- When sending me email, directly send to: xuanli@ust.hk. Please DON'T just reply to my message on or send me email through CANVAS. Please your UST account for email communication, and put down your full name and student ID.
- Please put down at the Email Subject Line: ECON2103 L1/L2/L3: [e.g.: Question on Midterm]
- Please check your UST email frequently or set up email forwarding so as to receive the most up-to-date announcements.

10 Tentative Course Schedule

Lecture #	Date		Content	
	L1/L2	L3		
1	Sep-2	Sep-1	Ch1	10 Principles
2	Sep-4	Sep-3	Ch1, Ch2	10 Principles (Cont'd) Thinking Like an Economist
3	Sep-9	Sep-8	Ch3	Interdependence and the Gains from Trade
4	Sep-11	Sep-10	Ch3 Ch4	Interdependence and the Gains from Trade (Cont'd) The Market Forces of Supply and Demand
5	Sep-16	Sep-15	Ch4	The Market Forces of Supply and Demand (Cont'd)
6	Sep-18	Sep-17	Ch5	Elasticity and Its Applications
7	Sep-23	Sep-22	Ch5	Elasticity and Its Applications (Cont'd)
8	Sep-25	Sep-24	Ch7	Efficiency of Market
9	Sep-30	Sep-29	Ch7	Efficiency of Market (Cont'd)
10	Oct-2	Oct-6	Ch6, Ch8	Government meets Market
11	Oct-9	Oct-8	Ch6, Ch8	Government meets Market (Cont'd)
12	Oct-14	Oct-13	Ch14	The Costs of Production
13	Oct-16		Midterm 1	
13	Oct-21	Oct-20	Ch14	The Costs of Production (Cont'd)
15	Oct-23	Oct-22	Ch15	Firms in Perfect Competitive Market
16	Oct-28	Oct-27	Ch15	Firms in Perfect Competitive Market (Cont'd)
17	Oct-30	Nov-3	Ch15 Ch16	Firms in Perfect Competitive Market (Cont'd) Monopoly
18	Nov-4	Nov-5	Ch16	Monopoly (Cont'd)
19	Nov-6	Nov-10	Ch16 Ch18	Monopoly (Cont'd) Oligopoly
20	Nov-13	Nov-12	Ch18	Oligopoly (Cont'd)
21	Nov-13		Midterm 2	
22	Nov-18	Nov-17	Ch18	Oligopoly (Cont'd)
23	Nov-20	Nov-19	Ch10	Externalities
24	Nov-25	Nov-24	Ch10	Externalities (Cont'd)
25	Nov-27	Nov-26	Ch11	Public Goods and Common Resources