

# ECON2103 (L5&L6) - Principles of Microeconomics

Spring 2021/2022

Department of Economics

Hong Kong University of Science and Technology

Updated January 17, 2021

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|----------------------|---|
| Lecture Time:        | Feb 8 to May 10, 2020<br>L5: Mo 15:00-16:20 pm, Fr 10:30-11:50 am<br>L6: Mo 16:30-17:50 pm, Fr 12:00-13:20 pm |
| Venue:               | Online  |
| Course Website:      | <a href="https://canvas.ust.hk/">https://canvas.ust.hk/</a>   |
| Instructor:          | LI, Xuan  |
| Office:              | LSK6042   |
| Email/Phone:         | <a href="mailto:xuanli@ust.hk">xuanli@ust.hk</a> / (852)2358-7597   |
| Office Hours:        | (Online) Mo 19:30-20:30 pm<br>or by appointment   |
| Teaching Assistants: | TO, Jeremy  |
| Office:              | LSK6066   |
| Email:               | <a href="mailto:ecjeremy@ust.hk">ecjeremy@ust.hk</a>  |
| Tutorials:           | (Online, starting from Feb 16/17)<br>T5: We 12:00 - 12:50 pm<br>T6: Th 11:00 - 11:50 am                       |
| Office Hours:        | (Online) Tu 12:00-1:00 pm<br>or by appointment  |

## 1 Course Description

As an introductory course, this course intends to cover fundamental concepts and tools used in microeconomic analysis. Economics provides a powerful way of thinking which helps you to understand many human and social phenomena. Real world examples and cases will be used as much as possible to enhance your understanding.

## 2 Textbook

“Principle of Microeconomics, 9<sup>th</sup> edition” by N. Gregory Mankiw, published by South-Western, Cengage Learning. [Online Purchase](#)

- You are required to read the assigned textbook chapters / sections. (Most) problem sets can be found in textbook.
- Supplementary materials will be posted on CANVAS.

## 3 Learning Outcome – School Intended Learning Outcome (“SILO”)

[SILO details](#)

- 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 and 4).
- 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 price and quantity transacted, and decision-making by buyers and producers under constraints (SILO # 1, 3 and 4).
- 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 and 4).
- Apply economic tools and principles to identify, analyze and propose explanations for and solutions to real world issues (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 |
| In-class Q&A and discussions   | Encourage class participation, critical thinking and discussion  |
| Problem Sets                   | Enhance understanding of course materials and their application through practice                                   |
| Tutorials                      | Review and synthesize course materials; Supplementary samples and exercises  |

#### 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 record.

#### 6 For NIHK students

- For NIHK students, lectures and tutorials will be delivered online using Zoom. You can access Zoom via CANVAS (“Zoom Meeting” sidebar)
- Lectures and tutorials on Zoom will be recorded, with links to download posted on CANVAS.
- Instructor Office Hours via Zoom: ID 744 398 8553, pw 9o668t
- [University Guidance](#) on Zoom for your reference. Please contact [cchelp@ust.hk](mailto:cchelp@ust.hk) should you need any technical help on using Zoom.

## 7 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/ProblemSets/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): March 21 (tentative)
- Midterm Exam (2): April 04 (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: TBA

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.

## **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. The site address is <http://ugadmin.ust.hk/integrity/student-1.html>. The Code will be STRICTLY enforced. I will report any violation cases to the University without exception and punishment will be imposed accordingly.

## **9 Email Policy**

- When sending me email, directly send to: [xuanli@ust.hk](mailto: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 L5/L6: [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   |  |
|-----------|--------|-----------|--|
| 1         | Feb-4  | Ch1       | 10 Principles  |
| 2         | Feb-7  | Ch1, Ch2  | Thinking Like an Economist   |
| 3         | Feb-11 | Ch2, Ch3  | Interdependence and the Gains from Trade   |
| 4         | Feb-14 | Ch4       | The Market Forces of Supply and Demand   |
| 5         | Feb-18 | Ch4, Ch5  | The Market Forces of Supply and Demand (Cont'd)<br>Elasticity and Its Applications |
| 6         | Feb 21 | Ch5       | Elasticity and Its Applications (Cont'd)   |
| 7         | Feb 25 | Ch7       | Efficiency of Market   |
| 8         | Feb 28 | Ch7       | Efficiency of Market (Cont'd)  |
| 9         | Mar-04 | Ch6, Ch8  | Government meets Market  |
| 10        | Mar-17 | Ch6, Ch8  | Government meets Market (Cont'd)   |
| 11        | Mar-11 | Ch10      | Externalities  |
| 12        | Mar-14 | Ch10      | Externalities (Cont'd)   |
| 13        | Mar-18 | Midterm 1 |  |
| 14        | Mar-21 | Ch11      | Public goods and common resources  |
| 15        | Mar-25 | Ch11      | Public goods and common resources (Cont'd)   |
| 16        | Mar-28 | Ch13      | The Costs of Production  |
| 17        | Apr-01 | Ch13      | The Costs of Production (Cont'd)   |
| 18        | Apr-04 | Midterm 2 |  |
| 19        | Apr-08 | Ch14      | Firms in Perfect Competitive Market  |
| 20        | Apr-11 | Ch14      | Firms in Perfect Competitive Market  |
| 21        | Apr-22 | Ch15      | Monopoly   |
| 22        | Apr-24 | Ch15      | Monopoly (Cont'd)  |
| 23        | Apr-29 | Ch17      | Oligopoly  |
| 24        | May-06 | Ch17      | Oligopoly (Cont'd)   |