ECO3201: Intermediate Microeconomics

Recommended Study Year: 2 and 3
No. of Credit/Term: 3
Mode of Tuition: Lecture-Tutorial
Class Contact Hours: 2-hour lecture per week
1-hour tutorial per week
Category in Major Prog.: Major in Economics/GEB (Required Course)
Discipline: Economics
Prerequisites:
(a) ECO2101 Introduction to Economics, or
(b) ECO2104 Introduction to Microeconomics and ECO2105 Introduction to Macroeconomics, or
(c) BUS2105 Microeconomics for Business
Corequisites: None
Exclusion: None
Exemption Requirement: None

Instructor: Chi Leung WONG (Adam)

Office: WYL 226
Phone: 2616-7149
Email: adamwong@ln.edu.hk
Office Hours: Tuesday 14:30-15:30, Thursday 14:30-15:30

Brief Course Description

This course provides a higher level study in microeconomics. Basic quantitative skills which help students understand microeconomics at the intermediate level will be introduced. Diagramatical analysis is emphasized in this course. Lots of hands-on practices will be conducted in the tutorial classes. I will also focus on qualitative issues (definitions and drawings). This will benefit students with less maths background.

Aims

This course aims to equip students with tools of applied microeconomic analysis which are useful for solving practical economic problems/questions in real life situations. The microeconomic theories at the intermediate level will be taught in the lectures whereas the application of the theories and practices will be conducted in the tutorial classes.

Textbook

Varian, Hal, R. and Melitz, Marc (2024), *Intermediate Microeconomics: A Modern Approach*, 10th Edition, W.W. Norton, New York.

Supplementary Readings

Bergstrom, Theodore C. and Hal, R. Varian (2014), *Workouts in Intermediate Microeconomics*, 9th Edition, W.W. Norton, New York.

Indicative Content

Topic 1: Budget Constraint

Two-Goods Case; Budget Constraint, Budget Set, Budget Line; How the Budget Line Changes?

Topic 2: Preferences

Assumptions about Preferences; Indifference Curves; Examples of Preferences (Perfect Substitutes, Perfect Complements, Bads, Neutral, Satiation); Well-Behaved Preferences; The Marginal Rate of Substitution.

Topic 3: Utility

Utility Function; Marginal Utility and MRS.

Topic 4: Choice

Optimal Choice; Consumer Demand; Cobb-Douglas Preferences.

Topic 5: Demand

Normal and Inferior Goods; Ordinary Goods and Giffen Goods; The Price Offer Curve and the Demand Curve; Substitutes and Complements.

Topic 6: Market Demand

Market Demand; Elasticity of Demand; Elasticity and Revenue; Elasticity and Marginal Revenue; Setting a Price;

Topic 7: Technology

Inputs and Outputs; Technological Constraints; Examples of Technology; Well-behaved Technologies; Marginal products; Technical Rate of Substitution; Dimishing Marginal Products; Diminishing Technical Rate of Substitution; Long Run and Short Run; Returns to Scale.

Topic 8: Cost Minimization

Profits; Cost Minimization; Conditional Factor Demand and Cost functions; Returns to scale and the Cost Functions; LR and SR Cost Curves.

Topic 9: Cost Curves

Fixed Costs and Variable Costs; Average Cost; Marginal Cost.

Topic 10: Firm Supply
Pure Competition; Profit Maximization and Supply Decision of a Competitive Firm; Firm Supply Curve.

Topic 11: Industry Supply
Short-run Industry Supply; Short Run Industry Equilibrium; Long Run Industry Equilibrium.

Topic 12: Equilibrium: Pure Competition and Monopoly
Equilibrium of Competitive Market; Consumer's Surplus, Producer's Surplus, Social Welfare; Effects of Taxes; Equilibrium of Monopoly; Monopoly Inefficiency.

Topic 13: Other Topics
Monopoly Behavior (Price Discrimination, Product differentiation); Oligopoly; Monopolistic Competition; Market Failure (Production Externalities, The Tragedy of the Commons).

Teaching Methods

Teaching is based on lectures and tutorials. Case studies will be discussed in tutorials to help students relate the theory to real life situation. Students will be given lots of hands-on practices involving definitions, calculations, drawing of curves (e.g. indifference curves and budget lines) and applying their knowledge to many real-world examples.

Assessment

Participation in class tutorials	10%
Mid-term examination	20%
Final examination	70%

Learning Outcomes (LOs)

Upon completion of the course, successful students should be able to:

1. demonstrate an understanding of the theories of consumer and producer, and combine both in the study of individual markets; (LO1)
2. analyze effects of microeconomic policy changes at firm, industry and individual levels (LO2)
3. apply microeconomic theories introduced in class to the analysis of real-world phenomena. (LO3)

Measures of Learning Outcomes

1. Students' attendances and **particpations in tutorial** classes will be assessed (LO1, LO2, LO3).
2. A **mid-term exam** covering the content on first half of the course will be administered to assess students' practical knowledge and their analytical skills in the topics they have learnt. (LO1, LO2, LO3).
3. A **final exam** covering all the topics taught in the course will be provided. Both

short-asnwer and essay-typed questions will be given in the final exam to assess students' overall understanding and synthesis of knowledge and its applications in microeconomics. (LO1, LO2, LO3).

Asessment Rubrics

Tutorial Participation Assessment Criteria

Level of Performance	Points	Criteria
Excellent	8-10%	**Presentation skills** - Addresses the central issue and complexities of the debate - Arguments are clear, strong and persuasive with solid reasoning and adequate relevant examples and facts - Critiques underlying assumptions and strategies in opposing arguments **Quality of comment** - Timely and appropriate comments, thoughtful and reflective, responds respectfully to other student's remarks, provokes questions and comments **Resource/Document Reference** - Clear reference to any texts being discussed and connects to other texts or reference points from previous readings and discussions **Active Listening** - Posture, demeanor and behavior clearly demonstrate respect and attentiveness to others
Good	5-7%	**Presentation skills** - Addresses obvious issues of the debate, but misses complexities and nuances - Consistently delivers complete arguments though some reasoning and evidence may be week or insufficient - identifies some relevant counter-arguments **Quality of comment** - Volunteers comments, most are relevant and reflect some thoughtfulness; may or may not lead to other questions from students **Resource/Document Reference** - Has done any required reading with some thoroughness; may lack some detail or critical insight **Active Listening** - Listens to others most of the time; may not stay focused on other's comments or loses continuity of discussion
Poor	0-4%	**Presentation skills** - Demonstrates misconception or incomplete understanding of the important issues or themes of the debate - Arguments are not clear and convincing with little reasoning or inadequate examples and facts - Fails to identify relevant counter-arguments **Quality of comment** - Does not participate or occasionally participates and offers a comment when directly questioned, may simply restate questions or points previously raised, may add nothing new to the discussion or provoke no responses or question **Resource/Document Reference** - Unable to refer to any texts for evidence or support of remarks **Active Listening** - Disrespectful of others when they are speaking - Ignoring others' remarks

Mid-term and Final Examinations Assessment Rubric

Level of Performance	Marks	Criteria
Very Good – Excellent	16 – 20	**Thesis & Focus** - Fully addresses the topic and demonstrates a thorough understanding of, and original insight into the important issues in the topic - Skillfully applies a good range of relevant concepts or theories - Connects question to broader issues in theories/concepts and the world **Analysis & Argumentation** - Thoroughly interprets and evaluates the information; Distinguishes among fact, opinion and value judgments - Comprehensively analyzes the issues from multiple perspectives - Evaluates implications and complications or responds to counter-arguments **Evidence & Support** - Evidence/supporting data is very relevant, accurate, complete, well integrated to support the arguments - A wide range of relevant scholarly sources (assigned reading, books, journals, media sources, census data, government reports) is used and assessed analytically and critically - Correct citation of sources; provides detailed and proper footnotes/endnotes **Writing & Structure** - Excellent organization of various contents - Presents the materials in a cohesive and logical manner - Appropriate paraphrasing and integration with original writings - Minimal spelling, punctuation, and grammatical errors
Fair – Good	8 – 15	**Thesis & Focus** - Demonstrates a complete understanding of the important issues in the topic/question but may miss some minor themes - Attempts to relate theories/concepts **Analysis & Argumentation** - Interprets and evaluates information, but may overlook some information - Superficially evaluates obvious alternative points of view, perspectives or dimensions - Makes inferences and comprehends deeper meaning on most occasions **Evidence & Support** - Provides necessary evidence to convince reader of most aspects of the main argument but not all - Evidence is somehow relevant and accurate, but not well integrated - Some variety of sources are used

		- Correct citation of sources; provides some details in footnotes/endnotes **Writing & Structure** - Good organization of various contents - Attempt to present the materials in a cohesive and logical manner - Some paraphrasing and integration with original writings - With few spelling, punctuation, and grammatical errors
Very Poor – Poor	0-7	**Thesis & Focus** - Demonstrates misconceptions about the important themes or issues - Fails to connect to theories/concepts or real life **Analysis & Argumentation** - Demonstrates some basic comprehension of texts/data but does not make connections with the bigger picture - Lists information without justification and connection to the idea - Superficially analyzes or synthesizes the issues - Single perspective only is discussed **Evidence & Support** - Some evidence but not enough to develop argument in unified way - Evidence may be inaccurate, irrelevant, or inappropriate to support the arguments - Uses only a few or none of the sources provided on the reading list, or does not analyze the sources - Incorrect citation of sources; provides limited or no detail in footnotes/endnotes **Writing & Structure** - Lacks clarity or does not present ideas in a coherent or analytical manner - Merely copying original writings - Considerable number of spelling, punctuation, and grammatical errors

Good Practices

1. Newspaper cuttings will be discussed in tutorials to help students relate the theory to real-life situation.
2. A discussion page is set up on Moodle where students could use as a platform for discussion with the instructors and amongst themselves.
3. An on-line course teaching and learning evaluation is conducted after the mid-term. This allows for early feedback from students regarding the course.
4. Students will be given lots of hands-on practices involving drawing of curves, diagrams and graphs, and applying their knowledge to many real-world examples.
5. Students in this course have the opportunity to pick up both the quantative and qualitative skills. This provides a balanced approach to studying and applying microeconomics theories and principles.

Important Notes:

(1) Students are expected to spend a total of 9 hours (i.e. 3 hours of class contact and 6 hours of personal study) per week to achieve the course learning outcomes.

(2) Students shall be aware of the University regulations about dishonest practice in course work, tests and examinations, and the possible consequences as stipulated in the Regulations Governing University Examinations. In particular, plagiarism, being a kind of dishonest practice, is "the presentation of another person's work without proper acknowledgement of the source, including exact phrases, or summarised ideas, or even footnotes/citations, whether protected by copyright or not, as the student's own work". Students are required to strictly follow university regulations governing academic integrity and honesty.

(3) Students are required to submit writing assignment(s) using Turnitin.

(4) To enhance students' understanding of plagiarism, a mini-course "Online Tutorial on Plagiarism Awareness" is available on https://pla.ln.edu.hk/.

(5) Students must adhere to the University's guidelines and practices when using Generative Artificial Intelligence (AI) tools. The official documents "Guidelines for Using GAI Tools at Lingnan University" and "Best Practices for Ethical and Responsible Use of GAI Tools in Course Assessments" can be found here: https://www.ln.edu.hk/tlc/generative-artificial-intelligence/gai-guidelines-best-practices.