

<b>Course Title</b>	Introduction to Microeconomics
<b>Course Code</b>	ECO2104
<b>Recommended Study Year</b>	1
<b>No. of Credits/Term</b>	3
<b>Mode of Tuition</b>	Lecture-tutorial
<b>Class Contact Hours</b>	2-hour lecture per week 1-hour tutorial per week
<b>Category</b>	Foundation required course in Economics/GEB Major
<b>Discipline</b>	Economics
<b>Prerequisite(s)</b>	NIL
<b>Co-requisite(s)</b>	NIL
<b>Exclusion(s)</b>	Students who have taken either BUS2105 Microeconomics for Business or ECO2101 Introduction to Economics are not allowed to take this course
<b>Exemption Requirement(s)</b>	NIL

### **Brief Course Description**

This course provides students with a foundational examination of supply and demand in order to understand the distribution of goods and services as well as prices for those goods and services determined in markets using, among other specific goods and services, the markets for labor, and markets for natural resources. The course studies the details of markets such as their functioning, break down, and the role for governments in private markets. The course provides students with the fundamental tools of microeconomic analysis and the application of those tools to issues of general interest such as taxes, international trade, competition, pollution, and the minimum wage.

### **Aims**

This course will instill in students an understanding of the functioning of decentralized markets to provide answers to fundamental social questions of what goods and services to produce, how scarce resources are organized to produce goods and services, and to whom goods and services are distributed once they are produced. In pursuit of these goals students will gain a deeper understanding of how scarcity and incentives influence the actions taken by ordinary consumers, businesses, and governments. How the choices of these economic participants are coordinated by markets through price adjustments that respond appropriately to demand and supply will receive special focus. In addition, students will study a variety of economic and social topics including the nature and impact of several forms of market failure and the potential impact of government intervention to address these failures.

### **Learning Outcomes**

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

1. Explain Supply and Demand as determinants of observed prices and quantities in a variety of markets for goods and services to any member of the general public, regardless of that person's prior experience with microeconomics;
2. Identify real-world phenomena that change supply and/or demand and predict the direction of change for price and quantity;
3. Discuss and apply the ideas of market failure to identify how decentralized activity results in a mis-allocation of resources from the perspective of optimal social welfare;
4. Propose a general remedy that a centralized actor such as a government can apply to resolve a market failure and to illustrate the advantages and disadvantages of this remedy;
5. Apply general principles of strategic behavior to view strategic interaction among economic actors as a game in the sense of Game Theory, predicting the outcome of this interaction along the lines of Nash Equilibrium;

### **Indicative Content**

- 1) The Economic Problem: Scarcity and Choice
- 2) Demand, Supply, and Market Equilibrium
- 3) Demand and Supply Applications
- 4) Elasticity
- 5) Household Behavior and Consumer Choice
- 6) The Production Process: The Behavior of Profit-Maximizing Firms
- 7) Short-Run Costs and Output Decisions
- 8) Long-Run Costs and Output Decisions
- 9) Input Demand: The Labor and Land Markets
- 10) Input Demand: The Capital Market and the Investment Decision
- 11) General Equilibrium and the Efficiency of Perfect Competition
- 12) Monopoly and Antitrust Policy
- 13) Oligopoly
- 14) Monopolistic Competition

Content to be studied will include a selection of the following topics:

- 15) Externalities, Public Goods, and Social Choice
- 16) Uncertainty and Asymmetric Information
- 17) Income Distribution and Poverty
- 18) Public Finance: The Economics of Taxation
- 19) International Trade, Comparative Advantage, and Protectionism

### **Teaching Method**

The class shall consist of a weekly 2-hour lecture and a weekly 1-hour tutorial.

### **Measurement of Learning Outcomes**

1. Intermittent tests and quizzes will ensure that students learn new topics as they are introduced and to alert the instructor to areas requiring additional coverage for student benefit. (LO 1-5)
2. Work in tutorials may include discussions of recent events or presentations of problem sets to provide targeted assistance to students on specific concepts. (LO 1-5)
3. A Final Examination will ensure that students can demonstrate mastery over the concepts covered in the course. (LO 1-5)

### **Assessment**

Continuous Assessment (class participation, attendance and assignments) 35%

Midterm Exam 25%

Final Exam 40%

### **Required/Essential Readings**

Readings will rely on one or more of the following texts:

Baumol, W.J. & Blinder, A.S., *Microeconomics : principles and policy* Latest Edition, New York: Cengage

Case, K.E., Fair, R.C. & Oster, S.M., *Principles of microeconomics* Latest Edition, Boston: Pearson.

CORE, *The Economy*, available online at <https://www.core-econ.org/the-economy/>

[Daron Acemoglu, David Laibson & John List, \*Microeconomics\*, 3<sup>rd</sup> Edition 2022, Pearson](#)

**Recommended/Supplementary Readings**

Hamermesh, D.S., 2014. *Economics is everywhere* Fifth Edition, New York: Worth

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/>.

Grading Rubrics Class Participation and Attendance

Criteria	Excellent 9-10	Good 6-8	Acceptable 3-5	Poor 0-2
<b>Class attendance and participation</b>	Class attendance is regular and the student speaks up regularly and enthusiastically	Class attendance is regular and the student speaks up now and then	Class attendance is quite regular but the student participates only when asked by the instructor	Class attendance is erratic and participation is nil or almost nil
<b>Articulateness</b>	Expression of ideas or opinions were consistently factually accurate, logical and clear	Expression of ideas or opinions were generally factually accurate, logical and clear. Lapses were rare and minor in nature.	Expression of ideas or opinions were generally factually accurate, logical and clear, but with a number of minor lapses	Ideas or opinions were not expressed logically, and were characterized by significant factual inaccuracies and lack of clarity

Assessment Rubrics for Assignments

Criteria	Excellent	Proficient	Meets Minimum Standard	Below Standard
Accuracy (50%)	41-50	31-40	21-20	0-20
	Appropriate concepts are all applied correctly	Most concepts are applied correctly	Some concepts are applied at too general a level or misapplied but the central ones are applied correctly and specifically	Most concepts are applied at too general a level or misapplied
Comprehension of all the relevant concepts. (40%)	31-40	21-30	11-20	0-10
	Demonstrates a deep insightful level of understanding	Demonstrates a good surface level of understanding	Demonstrates a fair level of surface understanding	Demonstrates an inadequate level of understanding
Extent to which ideas are expressed logically, accurately and clearly. (10%)	9-10	7-8	4-6	0-3
	Expression of ideas is consistently accurate, logical and clear	Expression of ideas is generally accurate, logical and clear with some minor lapses	Expression of ideas is comprehensible but there are some major lapses	Largely incomprehensible with some major inconsistencies and errors

Grading Rubric for the Midterm and Final Examinations

	100-76%	75-51%	50-26%	25-1%	0%
Analysis	The response has a clear thesis that is analytically interesting and creative, plausible; the analysis has impressive depth	The response meets most of the criteria listed in the column to the left, but is lacking in one or more of them-or accomplishes all of them at a slightly lower level than excellence	The response has an identifiable thesis, but it may be a bit mundane or uninteresting, and not particularly creative; the analysis is superficial	The response has an identifiable thesis, but it is not analytically interesting, plausible; there is little analysis	The response lacks any clear thesis and little to no analysis.
Documentation	The response provides ample evidence in support of its thesis, with no extraneous detail; evidence is well-connected to the thesis; documentation is clear.	The response provides significant amounts of supporting evidence, well-connected to the thesis; some detail is extraneous; documentation is mostly clear.	The response provides supporting evidence, but less than is needed to make the argument; there is a significant amount of extraneous detail; documentation is incomplete or unclear.	The details of the response relate very thinly to a main argument; the evidence is poorly documented.	The response provides little to no evidence in support of a main argument; most evidence provided is undocumented.
Organization	All writing relates to the thesis in a clear manner; individual paragraphs have a clear focus; there are clear transitions between paragraphs or ideas when appropriate; the order in which the ideas are presented makes sense.	Nearly all writing relates to the thesis in a clear manner; all or most individual paragraphs have a clear focus; there are generally clear transitions between paragraphs or ideas; the order in which the ideas are presented makes sense.	Most writing relates to the thesis in a clear manner, most individual paragraphs have a clear focus, and the order in which the ideas are presented generally makes sense; but there are often unclear transitions between ideas.	Most writing relates to the thesis in a clear manner, most individual paragraphs have a clear focus; it is often unclear why ideas are presented in their particular order, and there are often unclear transitions between ideas.	The response is extremely disorganized to the point that the order in which ideas are presented appears virtually random.
Language skills	The writing displays excellent English language skills, with few mistakes, and is easily understandable	The writing contains several fairly minor errors, but the writing is clear and understandable	The writing contains several minor errors and/or a few major ones; the writing is mostly clear but may be difficult to understand in places.	The writing contains numerous writing errors that are serious enough that the paper is very difficult to understand	The writing contains an unacceptably large number of writing errors, major or minor, to the point of making it difficult or impossible to understand.