**Syllabus**

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| **Department: School of Economics Date: Sept. 2023** | | | | | | | | | | | | | | |
| **Course Code** | | SOSC120020.01 | | | | | | | | | | | | |
| **Course Title** | | Principles of Microeconomics | | | | | | | | | | | | |
| **Credit** | | 5 | | **Experiment**  **(including Computer) Credit** | | | |  | | **Practice Credit** | |  | **Aesthetic Education**  **Credit** |  |
| **Credit Hours Per Week** | | 5 | | **Education on The Hard-Working Spirit Credit Hours** | | | |  | | [**Language of Instruction**](http://www.baidu.com/link?url=47JJa4qk0LrDpLNqaOc5vq3QapQmx50Zq2Si4vRilP0LBh4dhC7LdZ11ucoXf4IUT8hpalC4TDsTvQgZFq5vOkmJp5rQO-DihNiIVE0Ui-SRoTDGpQwonRCT8aiX7pDO) | | Eng;lish | **Honors**  **Course** | □Yes  □No |
| **Course Type** | | □Core General Education Course □Specific General Education Course □Basic Course in General Discipline  □Others | | | | | | | | | 2+X Major ：  □Professional Core Course  □Professional Advanced Course | | | |
| Non 2+X Major ：  □Professional Compulsory Course □Professional Elective Course | | | |
| **Course Objectives** | | * Learn basic principles of microeconomics * Command the basic tools in economic analysis * Understand the price mechanism and how a market allocates resources * Understand the circumstances under which the market fails to work efficiently * Learn policy tools to correct market inefficiency * Train critical thinking skill | | | | | | | | | | | | |
| **Course Description** | | This course introduces the basic methods of economic reasoning. Topics covered in the course include supply and demand, gains from trade, market efficiency, externality, public goods, and theories of firm and market structure. We will use a wide range of real-world examples to demonstrate the economic way of thinking. Students will study and get familiar with a set of economic tools to be able to analyze economic phenomena and conduct policy analyses. We focus on the role of price in allocating scarce resources and the circumstances under which a market economy allocates resources efficiently. We will also learn when the market fails to work efficiently and discuss the common policy tools to improve efficiency. | | | | | | | | | | | | |
| **Course Requirements:**  **No** | | | | | | | | | | | | | | |
| **Teaching Methods:**  **Lectures and discussions.** | | | | | | | | | | | | | | |
| **Course Director's Academic Background:**  The instructor receives his bachelor in economics and mathematics from Wuhan University, master in economics in Hong Kong University of Science and Technology, and doctoral degree in economics from Yale University.  Email：yu\_liu@fudan.edu.cn | | | | | | | | | | | | | | |
| **Instructor's Academic Background:**  **See above.** | | | | | | | | | | | | | | |
| **Members of Teaching Team** | | | | | | | | | | | | | | |
| **Name** | | **Gender** | | | | **Professional Title** | | | **Department** | | | **Responsibility** | | |
| Yu Liu | | M | | | | Associate Professor | | | School of Economics | | |  | | |
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| **Course Schedule** (Please supply the details about each lesson)**:**   1. Introduction to Economics  * \*Reading: Mankiw, Chapter 1: Ten Principles of Economics * #Reading: Alchian, Chapter 1: Welcome to Economics * Applications of the economic principles * Video: The economics of private jets * Question: Shall we waste our food?      1. Graphs, Curves, and Gains from Trade  * \*Reading: Mankiw, Chapter 2: Thinking Like an Economist * #Reading: Alchian, Chapter 2: Your Economic Society * \*Reading: Mankiw, Chapter 3: Gains from Trade * #Reading: Alchian, Chapter 4: Gains from Exchange * Question: What prevents mutually-beneficial exchanges from happening?      1. The Market Equilibrium  * \*Reading: Mankiw Chapter 4: The Market Forces of Supply and Demand * #Reading: Alchian, Chapter 10: Markets and Prices as Social Coordinators * Applications of the supply, demand, and market equilibrium * Question: What information do the suppliers and consumers need to reach the market equilibrium?       (Problem set 1, due next week)     4. Elasticities and Tax Incidence   * \*Reading: Mankiw Chapter 5: Elasticity and its Application * #Reading: Alchian, Chapter 17: Timing of Adjustments * Application: the incidence of sales taxes * Question: shall we tax more on products with low elasticity?      5. Market Efficiency and Government Policy   * \*Reading: Mankiw Chapter 7: Consumers, Producers, and the Efficiency of Markets * \*Reading: Mankiw Chapter 6: Supply, Demand, and Government Policies * Question: Can we design a way to allocate resource that outrivals the market?      6. Taxes and Subsidies   * \*Reading: Mankiw Chapter 8: Application: The Costs of Taxation * \*Reading: Mankiw Chapter 12: The Design of the Tax System * Application: Taxation, Information, and State Capacity * Question: What are the explicit taxes (subsidies) and implicit taxes (subsidies) we encounter?       (Problem set 2, due next week)      7. Application to International Trade Policies   * Reading: Mankiw Chapter 9: Application: International Trade * Application: tariffs and quotas; small versus large countries * Question: In times of globalization, is domestic affair really domestic affair? For example, a domestic production subsidy plus a domestic sales tax is equivalent to a tariff.     8. Externalities and Public Goods   * \*Reading: Mankiw Chapter 10: Externalities * \*Reading: Mankiw Chapter 11: Public Goods and Common Resources * Application: Coase theorem, cap-and-trade, traffic lights, and collectivization of rural farming. * Question: Why is externality equivalent to market being incomplete? How can we complete the market?     **9. Midterm Exam  (11/04)**      (Problem set 3, due next week)     10. Property rights and contracts   * #Reading: Alchian, Chapter 2 and Chapter 13 * Application: Property right and contract institution case studies * Question: why is the property right the fundamental institution?      11. Production   * \*Reading: Mankiw Chapter 13: The Costs of Production * #Reading: Coase (1937): The Nature of the Firm * Video: American Factory * Question: what's the difference between unionization and minimum wage?      12. Competitive Markets and Monopoly   * \*Reading: Mankiw Chapter 14: Firms in Competitive Markets * \*Reading: Mankiw Chapter 15: Monopoly * Application:  Monoposony, pharmaceutical industry reform in China, and the creative destruction * Question: how shall we treat large companies in China (Central state firms, Baidu, Alibaba, Tencent, etc.)?       (Problem set 4, due next week)     13. Market Power   * Reading: Mankiw Chapter 16: Monopolistic Competition * Reading: Mankiw Chapter 17: Oligopoly * Application: Cartels and Anti-Trust Laws * Question: Are price wars bad?      14. Factor Markets   1. \*Reading: Mankiw Chapter 18: The Markets for the Factors of Production 2. \*Reading: Mankiw Chapter 19: Earnings and Discrimination 3. Question: How to reduce discrimination?   **15. Presentations（TBA)**    (Problem set 5, due next week)    16. Advanced topics and linking economic theories to reality:   * Asymmetric information and signaling * Adding time into analyses (commitment) * Over time: A brief review of the Chinese economic reform. * Across countries: Why are some countries rich while others poor?     **18: Final Exam** | | | | | | | | | | | | | | |
| **The design of class discussion or exercise, practice, experience and so on:**  **See course schedule.** | | | | | | | | | | | | | | |
| **If you need a TA, please indicate the assignment of assistant:**  **The TA will keep the attendance record and help organize the discussions.** | | | | | | | | | | | | | | |
| **Grading & Evaluation** (Provide a final grade that reflects the formative evaluation process)**:**  **Grading:**  A student’s final grade is composed of the following five parts:   1. Class attendance and participation: 5%. 2. Presentation: 10%.    * Two students form a group and find a topic related to one from the following list to present:      + Find a market that you are interested in. Let us know what it is and why it is interesting.      + Find a government policy, do you think the government policy has corrected some market failure? Or instead it has reduced economic efficiency?      + For the same commodity or service, do you see price variation across regions in a country (or across countries)? What explains the variation.      + For the same factor of production, do you see price variation across regions in a country (or across countries)? What explains it.    * 10 minutes or less    * 10 slides or less 3. Problem Sets: 15%.    * Five take-home problem sets. 4. Midterm Exam: 20%.    * In-class, 120 minutes, closed-book. 5. Final Exam: 50%.    * In-class, 120 minutes, cumulative, closed-book. | | | | | | | | | | | | | | |
| **Usage of Textbook：**☑Yes(complete textbook information form below) □No  **Textbook Information** (No more than two textbooks) **:** | | | | | | | | | | | | | | |
| **Title** | **Author** | | **ISBN** | | **Publishing Time** | | **Publisher** | | | **Type Ⅰ** | | | **Type Ⅱ** | |
| **Principles of Microeconomics, 8th Edition** | **N. Gregory Mankiw** | | 9781305971493 | | **2018** | | **Cengage Learning** | | | □Self-compiled Textbook (Published)  □Non-mainland Textbook  □Other Textbook (Published) | | | □National Planning Textbook  □Provincial and Ministerial Planning Textbook  □School Level Planning Textbook  □Others | |
|  |  | |  | |  | |  | | | □Self-compiled Textbook (Published)  □Non-mainland Textbook  □Other Textbook (Published) | | | □National Planning Textbook  □Provincial and Ministerial Planning Textbook  □School Level Planning Textbook  □Others | |
| **Teaching References** (Including author, title, publisher, publishing time,ISBN)**:**  **Required textbook:**  Principles of Microeconomics, 8th Edition  Author: N. Gregory Mankiw  Publisher: Cengage Learning  *You can purchase the book at 100 RMB. Contact the TA if you need one.*  **Recommended reading**   1. Universal Economics. Armen A. ALchian and William R. Allen. Liberty Fund (August 30, 2018)     3. Freakonomics: A Rogue Economist Explores the Hidden Side of Everything. Steven D. Levitt and Stephen J. Dubner. William Morrow Paperbacks; Original (2009)    4. Economic Gangsters: Corruption, Violence, and the Poverty of Nations. Ray Fisman and Edward Miguel. Princeton University Press; Revised ed. (2010) | | | | | | | | | | | | | | |