

Principles of Microeconomics

Fall 2019

Fudan University School of Economics

Instructor: Yu Liu

Class hours: Mondays and Fridays 9:55-11:35 am

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TA: Yi Cui

Tutorial Hours: Wednesdays 8:00-8:45 am

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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 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

Required textbook:

Principles of Microeconomics, 8th Edition

Author: N. Gregory Mankiw

Publisher: Cengage Learning

You can purchase the book at around 400 RMB. Contact the TA if you would like to order one by September 16.

Recommended reading

Free to Choose: A Personal Statement

Authors: Milton Friedman and Rose Friedman

Publisher: Mariner Books; LATER PRINTING. (1990)

Freakonomics: A Rogue Economist Explores the Hidden Side of Everything

Authors: Steven D. Levitt and Stephen J. Dubner

Publisher: William Morrow Paperbacks; Original (2009)

Economic Gangsters: Corruption, Violence, and the Poverty of Nations

Authors: Ray Fisman and Edward Miguel

Publisher: Princeton University Press; Revised ed. (2010)

Grading:

A student's final grade is composed of the follow five parts:

1. Class attendance and participation: 10%.
2. Presentation: 10%.
 - * Two students form into one group (unless we have an odd number of students). Choose a specific (hopefully unique and enlightening) market that we can observe in Shanghai. Analyze the demand and supply of this market. Is it efficient? Does it need government regulation?
3. Problem Sets: 20%.
 - * Four take-home problem sets.
4. Midterm Exam: 20%.
 - * In-class, 90 minutes, closed-book.
5. Final Exam: 40%.
 - * In-class, 120 minutes, cumulative, closed-book.

Grading Ranges:

A = 90.0 - 100%; A - = 87.5 - 89.9%;
B + = 85.0 - 87.4%; B = 80.0 - 84.9%; B - = 77.5 - 79.9%;
C + = 75.0 - 77.4%; C = 70.0 - 74.9%;
D = 60.0 - 69.9%; F = below 60.0%.

Grading on a curve: 30% for A or A-.

Course Schedule:

1. Introduction to Economics (9/9, 9/16)
 - Reading: Mankiw Chapter 1: Ten Principles of Economics
 - Applications of the ten principles
 - Video: The economics of private jets

2. Graphs, Curves, and Gains from Trade (9/20, 9/23)

- Reading: Mankiw Chapter 2: Thinking Like an Economist
- Reading: Mankiw Chapter 3: Gains from Trade

3. The Market Equilibrium (9/27, 9/29)

- Reading: Mankiw Chapter 4: The Market Forces of Supply and Demand
- Applications of the supply, and demand

4. Elasticities (9/30)

- Reading: Mankiw Chapter 5: Elasticity and its Application

(We reschedule the lectures on 10/11 and 10/12 to later dates. TBA.)

5. Efficiency and Government Policy (10/14, 10/18)

- Reading: Mankiw Chapter 7: Consumers, Producers, and the Efficiency of Markets
- Reading: Mankiw Chapter 6: Supply, Demand, and Government Policies

6. Taxation (10/21, 10/25, 10/28)

- Reading: Mankiw Chapter 8: Application: The Costs of Taxation
- Reading: Mankiw Chapter 12: The Design of the Tax System
- The Chinese tax system versus those in other countries

7. Midterm Exam (11/1)

8. International Trade (11/4, 11/8)

- Reading: Mankiw Chapter 9: Application: International Trade

9. Externalities and Public Goods (11/11, 11/15)

- Reading: Mankiw Chapter 10: Externalities
- Reading: Mankiw Chapter 11: Public Goods and Common Resources

10. Production (11/18, 11/22)

- Reading: Mankiw Chapter 13: The Costs of Production
- Video: American Factory

11. Competitive Markets and Monopoly (11/25, 11/29)

- Reading: Mankiw Chapter 14: Firms in Competitive Markets
- Reading: Mankiw Chapter 15: Monopoly

12. Market Power (12/2, 12/6)

- Reading: Mankiw Chapter 16: Monopolistic Competition
- Reading: Mankiw Chapter 17: Oligopoly

13. Factor Markets (12/9, 12/13)

- Reading: Mankiw Chapter 18: The Markets for the Factors of Production
- Reading: Mankiw Chapter 19: Earnings and Discrimination
- Reading: Mankiw Chapter 20: Income Inequality and Poverty

14. Consumer Theory (12/16)

- Reading: Mankiw Chapter 21: The Theory of Consumer Choice

15. Frontiers (12/20)

- Reading: Mankiw Chapter 22: Frontiers of Microeconomics

16. Presentations (12/23, 12/27, and two additional time slots)

17. Review and Reflect (12/30)

18: Final Exam (2020-01-06, 8:30-10:30 am)