

ECON 2113: Microeconomics

# INTRODUCTION

# ABOUT ME

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## ❖ Instructor: Fei DING (LSK 6073)

- Email: [feiding@ust.hk](mailto:feiding@ust.hk)
- Tel: (852) 2358-7626
- Office hours: *Drop in or by appointment*

## ❖ Course Time and Venue

- L1: TuTh 09:00 – 10:20, Rm 6573
- L2: TuTh 12:00 – 13:20, Rm 6573
- L3: TuTh 15:00 – 16:20, Rm 6591

# ABOUT OUR TAS

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1. Jeremy TO, [ecjeremy@ust.hk](mailto:ecjeremy@ust.hk), 3469-2668

➤ *Office hours: Mo 1630-1730, We 1400-1500, LSK 6066*

2. Hector CHENG, [echector@ust.hk](mailto:echector@ust.hk), 6100-0683

➤ *Office hours: ThFr 1000-1100, LSK 6066*

3. Jason CHEUNG, [jtkcheung@ust.hk](mailto:jtkcheung@ust.hk) , 2358-7597

➤ *Office hours: Tu 1630-1730, We 1530-1630, LSK 6066*

# ABOUT OUR TAs

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- ❖ We teach this course as **A UNIT**.
  - Their ideas, opinions, and feedback **directly impact** the pace and organization of the course.
  - **Do not hesitate** to seek their help!
  - You can go to any of the TAs at any of their office hours.
  - But, please try to attend the tutorial class that you registered for.

# SENDING US EMAILS

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- ❖ Please address to both the TAs and me in your emails.
- ❖ Please put down at the subject line:  
**ECON 2113: Tutorial?/Problem Set?/etc.**
- ❖ It is better to use your UST email for communication.
- ❖ Please check your UST email regularly or set up automatic forwarding.

# ABOUT YOU

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- ❖ Your name in English and Chinese?
- ❖ Your program?
- ❖ Your year?
- ❖ Your goal?
  - What do you expect to achieve?
  - How committed are you in pursuing your goals?
- ❖ Your other courses?

# ABOUT YOU

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- ❖ Please pick up an index card (optional).
  - Name, student ID, other information about you
  - A recent photo
- ❖ Hand it back to me if you want me to know more about you.

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*How is university life  
different from that  
in high school?*



# UNIVERSITY VS. HIGH SCHOOL

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❖ Freedom! Freedom! More freedom! 😊

➤ Less surveillance and more self-control

➤ Or you may find yourself in deep trouble before the finals 😞 !

❖ Plan well in advance.

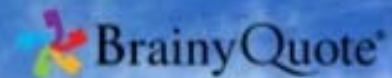
➤ Major, internship, exchange, job market, etc.

# ABOUT THE COURSE

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Microeconomics is the study of how specific choices made by businesses, consumers and governments affect the markets for different goods and services. For example, a microeconomist might examine how price changes affect sales of apples relative to oranges.

*Alex Berenson*



# PART I – INTRODUCTION

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Why do countries trade? Deficit = bad deal ???

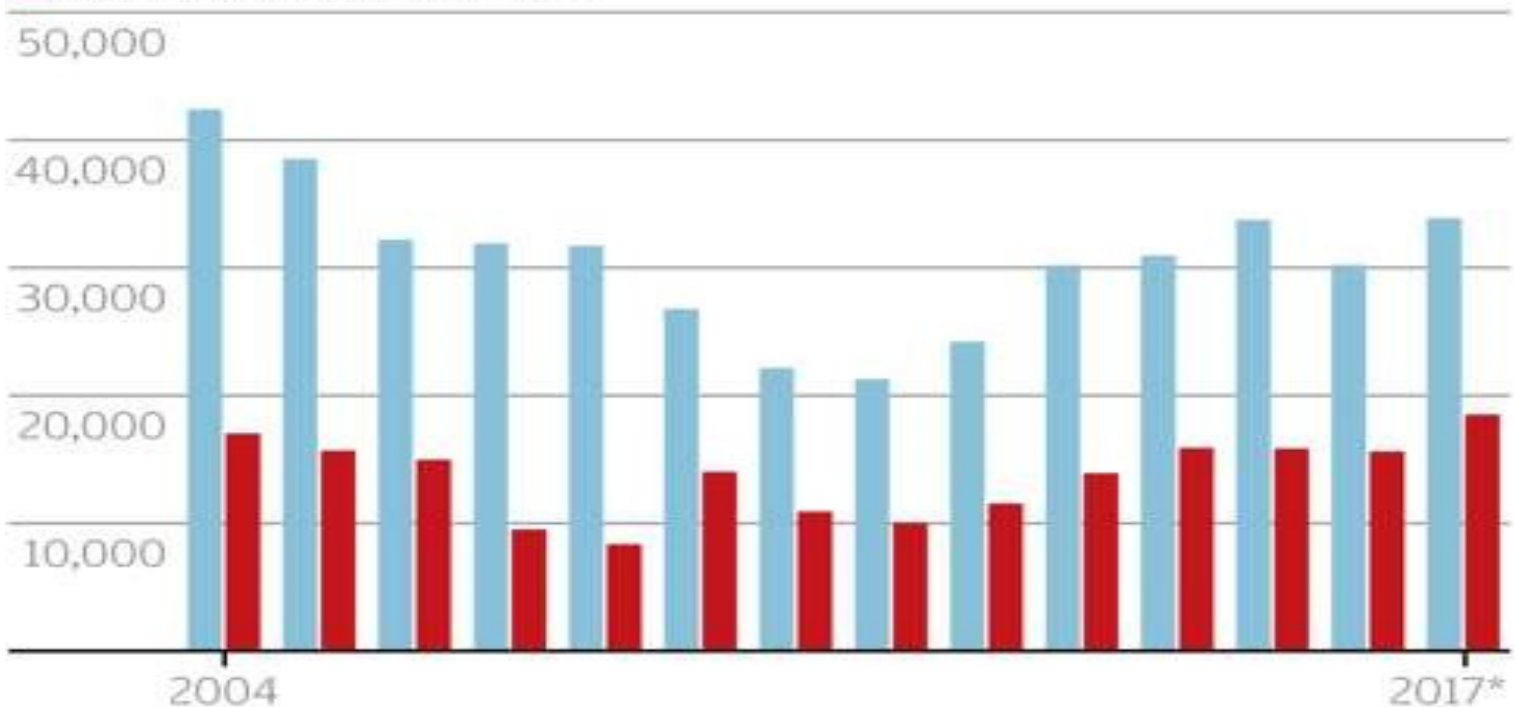


# PART II – HOW MARKETS WORK

## HK property price – What do you think ???

### Housing supply

■ New flat pre-sale estimates  
■ New flat release estimates



Source: Ricacrop Properties

\* Estimated new flat for pre-sale in 2017  
SCMP

# PART III – HOUSEHOLDS' CHOICES

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Why do we value diamonds more than water ???





# PART IV – FIRMS AND MARKETS

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## *A real business case:*

- *Time:* Summer 2019
- *Entrepreneur:* YOU
- *Business:* Selling coke and soft drinks at TST
- *Business model:* Sourcing from supermarket when discount was available
- *Initial investment:* HK\$500
- *Would it be a good business?*



# PART V – MARKET FAILURE

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Do we need government interference at all ???



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DEFINITION OF CHICAGO SCHOOL AN ECONOMIC SCHOOL OF THOUGHT THAT ORIGINATED AT THE UNIVERSITY OF CHICAGO IN THE 1940S. THE MAIN TENETS OF THE CHICAGO SCHOOL ARE THAT FREE MARKETS BEST ALLOCATE RESOURCES IN AN ECONOMY, AND THAT MINIMAL GOVERNMENT INTERVENTION IS BEST.

# LEARNING OBJECTIVES

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1. Understand the **methodology** of microeconomic analysis.
2. Understand the **key concepts and tools** of microeconomic analysis.
3. Understand the role of **government** and its interaction with the **free-market**.
4. Understand the economic analysis on the theory of **consumer choice**.
5. Understand **asymmetric information** and its impacts on decision making and free-market system.
6. Build students' ability to identify, analyze, and find possible explanations and solutions for **real world issues**.

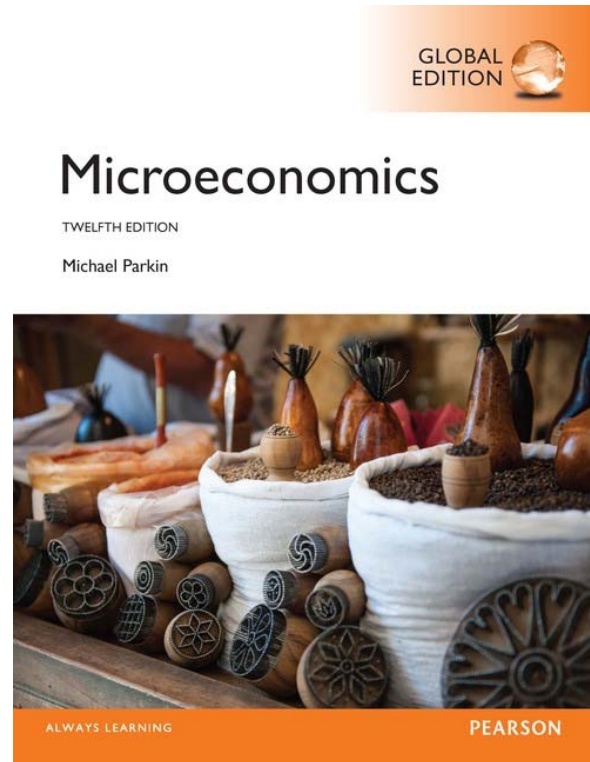


# ORGANIZATION & TEACHING APPROACH

Teaching and Learning Activities	Roles in the Course	SILOs addressed
Lectures	Explain key concepts, models, and their applications; Cases and examples to build students' critical and analytical ability	1, 2, 3, 4, 5, 6
In-class Q&A through PRS	Encourage class participation, critical thinking and discussion	1, 2, 3, 4, 5, 6
Tutorials	Review basic math and concepts, practice problem-solving, presenting answers to homework and exams	1, 2, 3, 4, 5, 6
Homework assignments	Enhance understanding of course materials and their applications through problem-solving practice	1, 2, 3, 4, 5, 6

# REQUIRED TEXTBOOK

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***Michael Parkin, Microeconomics,  
Twelfth Edition (Global Edition), 2016,  
Pearson Education Inc.***

# REQUIRED TEXTBOOK

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- ❖ Required to read all assigned chapters and sections from the textbook.
  - Lectures cannot cover everything from the textbook.
- ❖ End-of-chapter questions will be assigned for homework.
  - These exercises will help you a lot in exams.
  - Solutions will be available on course website.

# WEBSITE AND LECTURES

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- ❖ Course website on CANVAS
  - Check regularly for updates.
- ❖ Attendance and in-class participation will greatly benefit you in exams!
  - I don't check attendance – it is your choice.
  - I don't offer make-ups for your missed lectures.
  - Lecture notes do not cover everything mentioned in class.

# USING PRS

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- ❖ Personal response system (PRS) will be used in lectures to facilitate exchange of ideas.
- ❖ It enables you to respond to my questions.
- ❖ To get a PRS handset or **download mobile app**, please visit  
<https://itsc.ust.hk/services/academic-teaching-support/teaching-tools/prs/iprs> .
- ❖ We start using PRS next lecture, so please be ready.

# TUTORIALS

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- ❖ Tutorial sessions complement, not substitute for, lectures.
  - All materials covered subject to examination
- ❖ Tutorials may cover
  - Problem-set discussions
  - Exam reviews
  - Supplementary exercises
  - Elaboration of lectures and general Q & A
  - Make-up lectures if needed

# FOR NEXT LECTURE

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- ❖ Assigned reading: Textbook Chapter 1.
- ❖ Remember to get your PRS handset or mobile app ready to use.
  - Start using it next time.
- ❖ All office hours and tutorial sessions start from the week of Sep. 10.
  - First tutorial: basic math. review

# TENTATIVE SCHEDULE

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Introduction	Chap 1-2	Problem set 1	Quiz 0 (free trial)
How markets work	Chap 3	Problem set 2	
	Chap 4	Problem set 3	Quiz 1
	Chap 5-6	Problem set 4	Quiz 2
Households' choices	Chap 8-9	Problem set 5	Quiz 3
Firms and markets	Chap 10-11	Problem set 6	Quiz 4
	Chap 12-13	Problem set 7	Quiz 5
	Chap 15		
		Problem set 8	Final exam
Market failure	Chap (16), 17		



# PROBLEM SETS

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- ❖ Electronic submission via CANVAS
- ❖ Solutions posted online after due dates
- ❖ Problem sets will NOT be graded.
- ❖ Your overall problem set score will be 
$$\frac{\text{number of problem sets you turned in on time}}{\text{total number of problem sets assigned}} \times 8\%$$
  - Zero credit for late submissions, for whatever reasons, including network failure

# QUIZZES

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- ❖ One quiz for every two chapters we cover.
- ❖ Done via the CANVAS online system at the pre-specified time slot (usually at a weekday night).
  - Quiz 0 is a free trial; quiz 1-5 will be graded.
  - It's your responsibility to find a quiet & comfortable place with stable connection to take the quiz.
- ❖ Typically about 30min, mostly MC, sample practice questions will be provided in advance.

# TWO GRADING SCHEMES

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Your overall score will be based on the best outcome from the following two schemes.

	Scheme I	Scheme II
Problem sets	8%	8%
Quizzes @ 8% each	All five – 40%	The best three – 24%
Cumulative final exam	52%	68%

- No makeup quiz for whatever reasons.
- Make sure you attend at least three out of the quiz 1-5!
- It is in your best interest to take all quizzes.

# QUIZZES

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- ❖ Theoretically, books, notes, cheat sheets are allowed.
- ❖ Practically, time will be too constrained for you to go back and look for something.
- ❖ Recommendation: treat quizzes as closed-book exams (this will also prepare you for the final exam).
- ❖ **Warning: discussion & collaboration are strictly prohibited!!!**
  - Suspicious cases will be investigated and reported to the school for academic dishonesty penalty.

# ACADEMIC HONESTY AND INTEGRITY

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- ❖ Please familiarize yourself with the honor code and academic integrity: <http://tl.ust.hk/integrity/student-1.html>
- ❖ Strictly enforced and NO EXCEPTIONS!

*The university takes cheating very seriously!*

*Cost-benefit analysis → Costs of cheating are too high, not rational at all!*



# FINAL EXAM

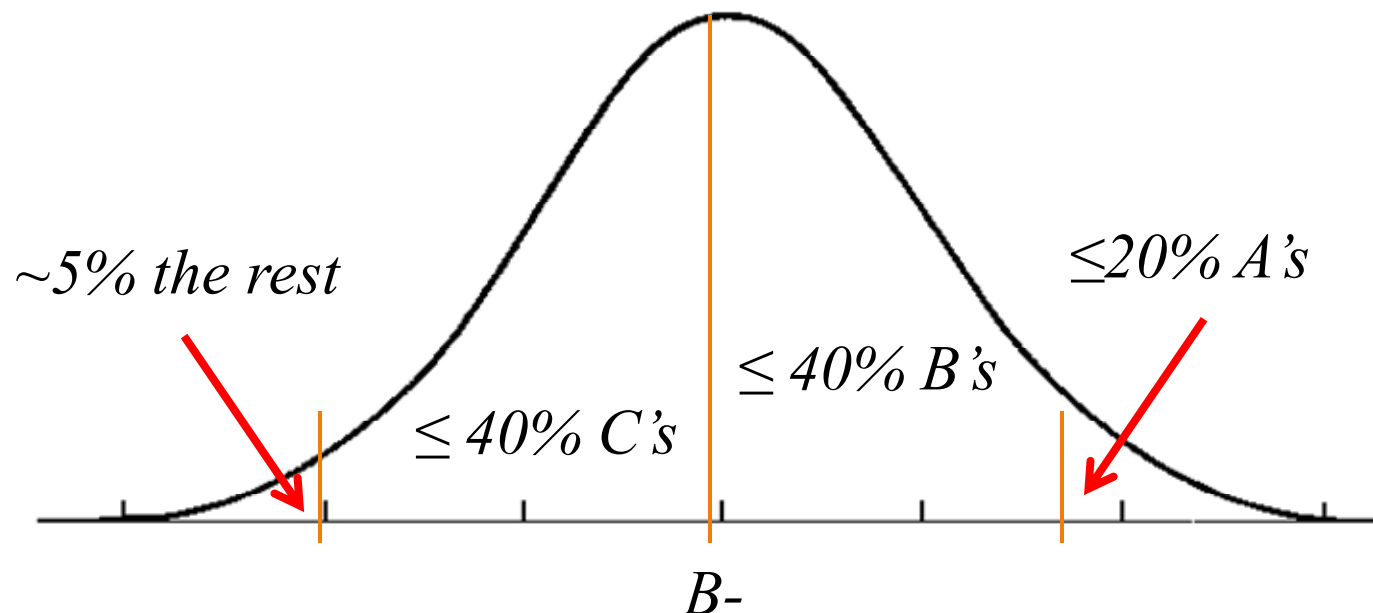
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- ❖ Schedule determined by ARRO, NO early exam.
- ❖ Absence from the final exam
  - Medical certificates & supporting documents must be submitted for approval in advance, or (for emergency only) within 24 hours from the scheduled exam time.
  - Makeup exam will be held as soon as possible (on the next available day) from the scheduled date.
  - Instructor has the final authority on ALL arrangements (exam format, timing, etc.)

# GRADING POLICY

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- ❖ Curve (relative) grading for all students (L1,2,3)
- ❖ Most favored nation (MFN) treatment
  - A category: at most 20%
  - B category: at most 40%



# GRADING POLICY

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- ❖ Any disputes on grading can be raised to the TAs within one week after grade release date.
- ❖ Valid arguments result in an entire re-assessment for *all* students rather than *individual* assessment.
  - Your new grade may be higher or lower than the one previously given.



# YOUR FEEDBACK IS IMPORTANT!

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- ❖ I am open to any suggestions before finalizing the syllabus.
  - Please provide your feedback on or before Monday (Sep. 10) by 6pm.
- ❖ Throughout the semester, your feedback, criticism, comments, and suggestions are highly welcome!
  - Anonymously, just slip a paper on my lecture table or under my office door, or via the TAs.

# SUCCEED IN THE COURSE

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## ❖ I try my best to

- Make course requirements as clear as possible.
- Explain course materials in simplest ways.
- Remain accessible for questions and inquiries.

## ❖ Please remember

- Ultimately it is you who EARN the grade, not me in giving you the grade.
- Please make the corresponding effort to achieve your goals.

# MY OBSERVATIONS ON “A” STUDENTS

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- ❖ Do assigned readings before coming to class.
- ❖ Write down what you don't understand during lectures.
  - Raise hands and ask ASAP.
- ❖ Participate in class discussions.
- ❖ Review after class and think about what you still don't understand. **Ask for help ASAP.**
- ❖ Do the problem sets with your best effort.

# HOW TO SUCCEED – TIME MANAGEMENT

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- ❖ Make the best use of your time is critical for your success in everything in life!
- ❖ Think back and figure out what you have done today within each hour or half hour.
  - If you find you don't know what you did ...
  - If you find you spend too much time on one thing ...

# HOW TO SUCCEED – ALWAYS GET HELP

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- ❖ Emails, office hours, private appointments
  - Address to both the instructor and TAs in emails.
- ❖ Talking to fellow students always helps!
- ❖ If you find yourself lost in the course or under pressure, I urge you **in the strongest possible terms**, to get help immediately.
  - We would be happy to help you find appropriate solutions.



# EFFICIENT COMMUNICATION

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- ❖ Before contacting TAs and/or me, please make sure that you have put sufficient effort to find answers by yourself.
- ❖ Please do NOT write me very long emails with many questions. It is better to talk to me face to face.
- ❖ Try to ask questions before, after, and during lectures.
- ❖ Please discuss with your classmates first. It is very important skill for your future.

Regard me as a person who helps you learn by yourself.

# CLASSROOM ETIQUETTE

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I do not take attendance. But whenever you come to lectures, please

- ❖ Arrive **on time**.
- ❖ **Mute** your mobile devices.
- ❖ Act quietly and **NO CHATTER!**
- ❖ Be considerate and do not disturb others!

You will be asked to leave the classroom if you do not follow these rules.

# REMINDER

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- ❖ Assigned reading: Textbook Chapter 1.
- ❖ We will start using PRS from next lecture. Please be ready.
- ❖ Optional: please return your index card with a recent photo and indicate your name, student ID, your program/major, and a few words about you.

*A final welcome to ECON 2113!*