



江西財經大學

JIANGXI UNIVERSITY OF FINANCE & ECONOMICS

Course Title:

Microeconomics

Course Code: FS340

Credits: 3

Teaching hours: 48

Semester: Fall Semester

Lecturer's Information:

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Course Description:

Economics is the social science that deals with the allocation of limited resources to satisfy unlimited human wants. Broadly speaking, economics is composed of two branches, microeconomics and macroeconomics. Microeconomics studies the economic behavior of individual economic decision-makers such as consumers, workers, firms, or managers. It also analyses the interaction and behavior of groups of these individuals such as households, industries, markets, labor unions, and trade associations.

We will look at decision-making and markets when all agents have perfect information about goods and prices and individual agents cannot affect prices through their own actions. We will begin with an overview of the equilibrium behavior of competitive markets and the main tools used by economists to analyze such markets: the demand curve, the supply curve and the notion of market equilibrium. The course focuses on how market demand and supply curves come about. A model of consumer preferences and consumer choice, which can be used to derive a market demand curve, will be introduced. We then move on to the theory of production and firm behavior to derive a market supply curve. We can then turn to the concept of market equilibrium with our more detailed understanding of demand and supply in order to derive properties of market behavior. This type of analysis is called "partial equilibrium"

because it characterizes behavior in a single market. We then consider the interaction between several markets, what we call “general equilibrium”. We then move on to analyze two special categories of goods: those that generate externalities and “public goods”. We will examine the behavior of firms and the welfare properties of markets when firms have “market power”. We will emphasize strategic interaction among firms and study some of its implications for business strategy and public economic policy. We will then change our focus and study behavior under uncertainty by consumers and other economic agents. By relaxing the assumption of perfect information, we will prepare the way for the economics of asymmetric information. Some basic results of political economics will be introduced as the last part of the course.

Microeconomic analysis relies on a small set of very powerful analytical tools: constrained optimization analysis, equilibrium analysis, and comparative statics analysis. This course attempts to help you master these tools by presenting their graphical, algebraic and logical mechanics as well as by illustrating their use in many different contexts throughout the course.

Method of Instruction

The method of instruction is mainly lecture and class meetings. The PowerPoint presentations used in lecture will be made available to students during the term. A problem set for each week will also be available. Answers to some of these optional problems will be discussed at the beginning of next week’s lecture. Students are also encouraged to use the end-of-chapter problems in the assigned textbook.

Aims and Objectives:

The purpose of this course is to enhance the microeconomic knowledge of students and to improve their techniques of economic analysis. The course combines the use of economic theory, diagrams and mathematical concepts to ensure that students understand that all of these are necessary tools to be used when economic analysis is being conducted. Therefore, one of the aims of this course is to ensure that students can distinguish when the methods should be used independently and when they should be combined for a more comprehensive analysis.

Learning Outcomes:

By the end of the course students will:

1. Understand techniques of microeconomics at an introductory level;
2. Understand microeconomic models and problems expressed in standard mathematical terms;
3. Be able to solve and interpret problems based on the microeconomic theories and models;
4. Be able to use microeconomic concepts and methods to analyze and interpret real-world microeconomic phenomena (for example, the interesting cases in China's market) and to assess issues of microeconomic policy.

Teaching Methods:

Teaching methods will involve a combination of formal lectures, group work, case study, and presentation. Students will be encouraged to explore the application of concepts learned through the use of contemporary cases.

Assessment:

Final Written Examination	60%
Homework Assignments	20%
Case Study	20%
Total	100%

To achieve a pass grade in this course, students must obtain 60% or more as an aggregate mark on the assessment.

Final Written Examination

The final written examination is designed to cover the learning outcomes for the course and to test skill development. Questions are set not only to test students' basic comprehension of the syllabus but also their ability to apply such knowledge in particular contexts.

Homework Assignments

Homework assignments are designed to assess the students' ability to solve some complex problems relating to microeconomic theory and government policy. Homework assignments should be submitted via Email or by handing in printed copies on designated dates.

Case Study and Presentation

Case study is designed to assess the students' ability to put microeconomic theory into application. Students are required to study some real-world microeconomic cases in China's market by using the microeconomic theories and models, then present their findings in class. Hard copies of the case study should also be handed in on the day of presentation.

Team Work

Students are required to form teams to jointly finish homework assignments, the case study, and the presentation. Team members will work together to produce a joint report and each member of a team will receive the same mark for the report. It is up to each team to allocate responsibilities between team members and organize its own work.

Your Input:

You will be expected:

1. to review your lecture notes and follow up references on lecture topic;
2. to prepare for class discussion in advance by reading and preparing outline answers to questions and notes to form the basis of discussion;
3. to work through lecture notes and other material regularly to check your understanding of the concepts and models discussed, and to raise any difficulties with lecturer.

Text Book:

N. Gregory Mankiw (in short as **GM**): Principles of Economics, 4th Edition South-Western, South-Western College Pub, 2006, or more recent edition.

Calendar of Teaching Activities:

	Activities	Chapters	Things to remember
Week 1	Lecture	GM Ch. 1, 2, 3	Library Sessions
Week 2	Lecture	GM Ch. 4, 5, 6	Submit Names for Working Groups
Week 3	Lecture	GM Ch. 7, 8, 9	

Week 4	Lecture	GM Ch. 21	
Week 5	Lecture	GM Ch. 21	
Week 6	Lecture	GM Ch. 13	
Week 7	Lecture	GM Ch. 14	
Week 8	Lecture	GM Ch. 14	
Week 9	Lecture	GM Ch. 10, 11	
Week 10	Lecture	GM Ch. 15	Deadline of Homework Assignments
Week 11	Lecture	GM Ch. 16	
Week 12	Lecture	GM Ch. 22	
Week 13	Presentation		Case study Presentation
Week 14	Lecture	GM Ch. 18	
Week 15	Lecture	GM Ch. 18, 19	
Week 16	Review		Review all the lectures
Week 17	Final exam (time to be confirmed)		

Course outline:

Week 1: Introduction: Scope and Methodology of Economics, Opportunity Costs, The Production Possibility Set.

GM Ch. 1, 2, 3.

Week 2: Price Determination in Competitive Market: Demand, Supply and Equilibrium, Shifts in Demand and Supply, Elasticity,

GM Ch. 4, 5, 6.

Week 3: Market Efficiency and Welfare: Government Intervention, Taxes, International Trade.

GM Ch. 7, 8, 9.

Week 4: Consumer Theory I: Preferences and Utility, Budget Set, Indifference Analysis, Optimal Choice.

GM Ch. 21.

Week 5: Consumer Theory II: Demand Functions, Income and Substitution Effect, Consumer Surplus.

GM Ch. 21.

Week 6: The Theory of Firm: Theory of production, Cost curves, Cost minimization.
GM Ch. 13.

Week 7: The Competitive Firm: Profit Maximization.
GM Ch. 14.

Week 8: Competitive Markets: Perfect Competition, Government Intervention,
Applications in China's Electronic Commerce.
GM Ch. 14.

Week 9: Externalities and Public Goods: Externalities, Public Goods, The Coase
Theorem, Applications in China's Economic Growth and Environmental Pollution.
GM Ch.10, 11.

Week 10: Monopoly: Uniform Pricing, Taxes, Welfare Analysis, Regulation,
Application in China's State-Owned Enterprise.
GM Ch. 15.

Week 11: Oligopoly: Basic Models, Collusion and Cartels, Application in China's
State-Owned Enterprise.
GM Ch. 16.

Week 12: Information Economics: Adverse Selection and Moral Hazard, Application
in China's Government Administrative System.
GM Ch. 22.

Week 13: Case Study Presentation

Week 14: Capital and Investment: Present Values, Demand, Supply and Equilibrium
in Capital Market.
GM Ch. 18;

Week 15: The Labor Market: Labor supply and Labor Demand under Perfect
Competition, Wage Determination under Imperfect Markets.
GM Ch. 18, 19;

Week 16: Review