



北京大學  
汇丰商学院

Peking University HSBC Business School

# ECON510

## Microeconomics

### Module 1, 2015-2016

#### Course Information

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**Instructor: Daeyong Lee, Ph.D**

Office: PHBS Building, Room 751

Phone: 755-2603-2795

Email: daeyong@phbs.pku.edu.cn

Office Hour: M/Th 10:30~11:30 am, or by appointment

**Teaching Assistant: Fan Zhang**

Email: zhangfan0601@sz.pku.edu.cn

**Classes:**

Lectures: M/Th at 13:30~15:20

Venue: PHBS Building, Room 231

**Course Website:**

[http://cms.phbs.pku.edu.cn/claroline/course/index.php?cid=ECON510\\_001](http://cms.phbs.pku.edu.cn/claroline/course/index.php?cid=ECON510_001)

## 1. Course Description

### 1.1 Context

Course overview:

This course covers the fundamental theories of the consumer, the firm, and the markets. Students will learn how changes in supply and demand in the product and resource markets affect prices and quantities available. They will be presented with the principles of marginal analysis, consumer behavior, and the theory of the firm. Other topics will include the determination of profit maximizing output and pricing decisions of business in various market structures, the determination of wages and income distribution. These are the tools that allow the examination of various social problems, including unemployment, pollution, to name just a few.

In this class, comments and questions are welcome and encouraged. Things that seem confusing or controversial are naturally that way for some of the topics; students and instructors both will benefit if you ask interesting and thought provoking questions. It is rather difficult to find a perfect and unambiguous answer to some specific socio-economic questions; open discussion is very inspiring in the context of a classroom, and is thus encouraged.

Prerequisites:

There is no prerequisite for this class. Students with a background in calculus and optimization will find this class more accessible.

## 1.2 Textbooks and Reading Materials

### • Required Textbook:

Robert S. Pindyck and Daniel L. Rubinfeld, *Microeconomics*, Prentice Hall, 8<sup>th</sup> Edition, 2012  
 Hal Varian, *Intermediate Microeconomics: A Modern Approach*, Norton & Company, 9<sup>th</sup> Edition, 2014

### • Recommended References:

Mas-Colell, Whinston, and Green, *Microeconomic Theory*, Oxford University Press.

### • Recommended Additional Readings

Additional reading materials are picked for each topic. You are highly recommended to read all of them. Additionally, to be exposed to more general application of microeconomics and business discussions outside the classroom, online sources such as the *Economist*, the *Financial Times*, the *Wall Street Journal*, *China Daily* and etc. are recommended. These sources provide you with real world economic problems and policy interventions, facilitating you to carry what you've learned from the book into daily life matters.

Lecture notes will be provided. E-versions of handouts, slides, supplementary readings and materials are also available on the Course Management System (<http://cms.pkusz.edu.cn>). Log on and search for Microeconomics (ECON510), you need to be registered for this course to access the materials.

### Requirements

- Students are expected to read all assigned readings before each class and show up for class on time.

## 2. Learning Outcomes

### 2.1 Intended Learning Objectives / Outcomes

Learning Goals	Objectives/Outcomes	Assessment
1. Our graduates will be effective communicators.	1.1. Our students will produce quality business and research-oriented documents.	Exams
	1.2. Students are able to professionally present their ideas and also logically explain and defend their argument.	Quiz and exams
2. Our graduates will be skilled in team work and leadership.	2.1. Students will be able to lead and participate in group for projects, discussion, and presentation.	
	2.2. Students will be able to apply leadership theories and related skills.	Quiz and Exams
3. Our graduates will be trained in ethics.	3.1. In a case setting, students will use appropriate techniques to analyze business problems and identify the ethical aspects, provide a solution and defend it.	Quiz and Exams
	3.2. Our students will practice ethics in the duration of the program.	Quiz and Exams
4. Our graduates will have a global perspective.	4.1. Students will have an international exposure.	Quiz and Exams
5. Our graduates will be skilled in problem-solving and critical thinking.	5.1. Our students will have a good understanding of fundamental theories in their fields.	Quiz and exams
	5.2. Our students will be prepared to face problems in various business settings and find solutions.	Quiz and exams
	5.3. Our students will demonstrate competency in critical thinking.	Quiz and exams

## **2.2 Course specific objectives**

Based on the information and knowledge delivered in this class and the forming of your own perception and understanding of the questions, after this class, students are expected to be able to:

- understand the role of markets in allocating scarce resources;
- understand the impact (good and bad) of government intervention in the market;
- ask good (and sensible) economic questions, both to yourself and to others;
- offer good arguments regarding the answers to various real life socio-economic problems.

## **2.3 Assessment/Grading Details**

- Quiz (closed book): 20%, each 10%
- Midterm (closed book): 35%
- Final exam (closed book): 40%
- Class participation: 5%
- FYI, GPAs below 70 are considered as failure of the course by the PKU academic rule.

### **• Quiz:**

During the semester, students will take 2 quizzes. The quiz will ask short-essay or problem-solving questions. The dates are as following: **Sep. 17 and Oct. 22**. The quiz helps students to keep on track of the course and to have deeper understanding of key concepts covered in class. Students who miss a quiz DO NOT have a make-up quiz and thus will have zero score for the missing one.

### **• Exams:**

There will be a midterm (35%) and a final exam (40%). Both exams will include problem solving type questions. The midterm will be on **Thursday, October 8**. The Final will be held at 13:00~15:00pm on **Tuesday, November 10**. Since **there will be no make-up exam**, please carefully plan your 2015 Fall schedule ahead.

### **• Class Participation:**

Students are strongly recommended to have active participation in class such as addressing practice questions.

### **• Rescheduling the Class:**

September 3 (70<sup>th</sup> Anniversary of the War Victory) → September 2, same venue and time.

### **• Class Policy:**

Students are not allowed to use their laptops or cellphones in the classroom.

## **2.4 Academic Honesty and Plagiarism**

It is important for a student's effort and credit to be recognized through class assessment. Credits earned for a student work due to efforts done by others are clearly unfair. Deliberate dishonesty is considered academic misconducts, which include plagiarism; cheating on assignments or examinations; engaging in unauthorized collaboration on academic work; taking, acquiring, or using test materials without faculty permission; submitting false or incomplete records of academic achievement; acting alone or in cooperation with another to falsify records or to obtain dishonestly grades, honors, awards, or professional endorsement; or altering, forging, or misusing a University academic record; or fabricating or falsifying of data, research procedures, or data analysis.

All assessments are subject to academic misconduct check. Misconduct check may include reproducing the assessment, providing a copy to another member of faculty, and/or communicate a copy of this assignment to the PHBS Discipline Committee. A suspected plagiarized document/assignment submitted to a plagiarism checking service may be kept in its database for future reference purpose.

Where violation is suspected, penalties will be implemented. The penalties for academic misconduct may include: deduction of honour points, a mark of zero on the assessment, a fail grade for the whole course, and reference of the matter to the Peking University Registrar.

For more information of plagiarism, please refer to *PHBS Student Handbook*.

### **3. Topics, Teaching and Assessment Schedule**

Due to the limitation of teaching hours, we cannot possibly cover all topics of modern microeconomics. In this class, we will cover the most fundamental and most important topics in understanding the essence of how the economy works in its micro aspect.

#### **Topic 1 Introduction to Microeconomics: The Economic Way of Thinking**

##### **Readings**

Pindyck et al., chapters 1.  
Watts, Michael. (1992). "What is a Market Economy?" *U.S. Information Agency*.  
Kirzner, Israel. (1997). "How the market works?" *Hobart Papers 133*.

#### **Topic 2 Consumer Behaviors and Demand Theory**

##### **Readings**

Pindyck et al., chapters 3, 4.  
"Home Truth." *The Economist*, November 8, 2001.  
"Inside the Mind of the Consumer." *The Economist*, June 10, 2004.  
"The Debt to Pleasure." *The Economist*, April 27, 2013.  
"The Rewired Customers." *The Wall Street Journal*, June 4, 2013.

#### **Topic 3 Firm Behaviors Part I: Production and Cost Theory**

##### **Readings**

Pindyck et al., chapters 6, 7.  
"The Boomerang Effect." *The Economist*, April 21, 2012.  
"Reshoring Manufacturing: Coming Home." *The Economist*, January 19, 2013.  
"Home or Abroad: Herd Instinct." *The Economist*, January 19, 2013.  
Laura Clarke. "Gold Market Supply Contracts in Reaction to Lower Prices"  
*The Wall Street Journal*, August 15, 2013  
John Koten. "A Revolution in the making." *The wall Street Journal*, June 10, 2013.  
"What do Armani, Ralph Lauren, and Hugo Boss Have in Common? Bangladesh"  
*The wall Street Journal*, July 1, 2013.

#### **Topic 4 Firm Behaviors Part II: Profit and Competition**

##### **Readings**

Pindyck et al. chapters 8.  
"Polio Vaccines: Injecting Competition." *The Economist*, July 19, 2013.  
"Struggling Smartphone-makers: Biting back at Apple."  
*The Economist*, September 1, 2012.

#### **Topic 5 Supply, Demand, and Market Mechanism**

##### **Readings**

Pindyck et al. chapters 2,9.  
"The Argument in the Floor." *The Economist*, November 24, 2012.  
"Minimum Human Wage." *The Economist*, February 15, 2013.  
"The Minimum Wage: the Law of Demand is A Bummer."  
*The Economist*, February 27, 2013.  
"Why does America Regulate the Trade in Raisins?"

*The Economist*, April 14, 2013.  
"Drug policy: Supply and Demand." *The Economist*, June 2, 2011.  
"Sweet Land of Subsidy." *The Economist*, April 27, 2013.  
Tina Gaudoin. "Bags of Style." *The Economist*, August 16, 2013.  
Michael Dunne. "The China Car Industry Capacity Problem."  
*The Economist*, June 12, 2013.

## **Topic 6 Firm Behaviors Part III: Market Structure and Pricing Strategy**

### **Readings**

Pindyck et al., chapters 10, 11, 12, and part of 13.  
"A Market for Monopoly." *The Economist*, June 15, 2000.  
"A spoonful of monopoly helps the medicine go down."  
*The Economist*, September 21, 2007.  
"The Joys of Oligopoly." *The Economist*, March 8, 2001.  
"Mexico's Competition policy: Busting the Cartels." *The Economist*, March 4, 2010.  
Andrew Odlyzko. (2003). "Privacy, Economics, and Price Discrimination."  
Working paper.  
A. C. S. "His-counts and Her-charges." *The Economist*, May 24, 2012.  
S. J. "The Adult-book Premium." *The Economist*, November 22, 2011.  
Thomas Gryta. "Inside the Phone-Plan Pricing Puzzle." *The Wall Street Journal*,  
July 31, 2013.  
Dennis Berman. "About That Time Warner Cable \$5.99 'Modem Lease' Fee."  
*The Wall Street Journal*, July 31, 2013.  
"Doubts Cast on Beijing's Cab Shortage Resolution." *The Wall Street Journal*,  
May 27, 2013.

## **Topic 7 The Factors Market**

### **Readings**

Pindyck et al., chapter 14.  
"United Worker of the World." *The Economist*, June 16, 2012.  
"Sticky, Sticky Wages." *The Economist*, January 11, 2011.  
"The 'quasi-structural' unemployment issue." *The Economist*, March 9, 2013.  
Angus Loten. "For Small Firms, Visas Are a Big Headache."  
*The Wall Street Journal*, August 21, 2013.  
Khadeeja Safdar. "Ability to Quit Smoking Linked to Higher Wages."  
*The Wall Street Journal*, July 18, 2013.

## **Topic 8 Information, Market Failure, and the Role of Government**

### **Readings**

Pindyck et al., chapter 16, 17, and 18  
Hardin, Garrett. (1968). "The Tragedy of the Commons." *Science*,  
162(3859): 1243-1248  
"Waist Banned." *The Economist*, May 24, 2012.  
Pilita Clark. "Renewables: A Rising Power" *Financial Times*, August 8

## **4. Miscellaneous**

I have an open door policy. If you have problems with any aspect of the course and/or want to discuss anything (e.g., course material, career opportunities in management and economics, etc.), please feel free to schedule time with me. Do not wait till the end of module to discuss any issues.