



South China Normal University International Summer Session

07B13961: Microeconomics

Term: July 15th –August 9th, 2019

Instructor: Dr. Peter Wylie

Home Institution: University of British Columbia

Credit: 4

Course Description

This course focuses on the fundamental concepts and analysis of microeconomics, including supply and demand, the price mechanism, costs and revenues, theories of the firm, market structures, factor markets, market failure and the impact of government in promoting economic efficiency. The course examines economic decision-making by individuals and firms and encourages students to apply microeconomic tools to current economic policy problems and issues such as pollution, rent controls, farm subsidies and welfare policies.

No Prerequisite

Course Goal

A student who satisfactorily completes this course should understand at an introductory level the basic principles of microeconomics and be able to apply in their everyday life and in their analysis of the world around them these basic principles. There are seven sections of the course:

1: Fundamental Principles of Microeconomics; this covers the principles of opportunity cost and of comparative advantage;

2: Principles of Demand and Supply; the principles of demand, supply and market price and quantity determination and the effects of price controls and taxes in markets;

3: Principles of Markets and Welfare; how markets can lead to efficient and desirable quantity and price outcomes for society, but also how markets can sometimes lead to inefficient and undesirable quantity and price outcomes for society; how taxes being imposed in markets can affect the efficiency of these markets; and how international trade can lead to more efficient and desirable quantity and price outcomes for society;

4: Principles of Government Intervention; how externalities affect the social efficiency of markets, and what can be done to improve the social efficiency of markets in which



externalities exist; how public goods can be provided, and how common resources can be managed for economic efficiency; and, in the context of taxation, the equity-efficiency trade-off in economics;

5: Principles of Firm Behaviour; the principle of rising marginal cost, its relation to average cost and other costs, and how costs for the firm differ in the short and long runs; the principle of profit maximization and how it is used by firms to determine their output in the short and long runs; and how the output and entry and exit decisions of firms in competitive markets determine the price and supply of output in the short and long runs;

6: Principles of Market Organization; how prices and outputs are determined in markets characterized by just one seller (monopoly), a few sellers (oligopoly), or by many sellers of unique but similar products (monopolistic competition); how, and in what sense, markets characterized by monopoly, oligopoly and monopolistic competition can have inefficient and undesirable quantity and price outcomes for society; and what public policy should be in regard to monopoly, oligopoly and monopolistic competition;

7: Principles of Income Distribution; the principles of demand and supply as they apply to labour markets and how wages are determined in these markets; how principles of demand and supply in labour markets can be used to explain the large differences in wages between occupations; and the nature of income inequality in modern market economies and what principles can be used to discuss public policy regarding income redistribution.

Course Readings

N. Gregory Mankiw, Principles of Microeconomics: Sixth Edition South-Western, 2012. This book is available electronically on CourseSmart <http://www.coursesmart.com/principles-of-microeconomics/mankiw/dp/9780538453042>.

For students also taking Macroeconomics with me this summer, you could alternatively purchase the combined text N. Gregory Mankiw, Principles of Economics: Sixth Edition. South-Western, 2012, also available electronically on CourseSmart (<http://www.coursesmart.com/principles-of-economics/mankiw/dp/9780538453059>) which includes both Principles of Microeconomics and Principles of Macroeconomics, at a combined price which is less expensive than the 2 texts separately.

These books are also available in US and international paperback editions, identical except for the covers. In addition to reading the textbook also see the website for the textbook http://www.cengage.com/economics/mankiw/edition_6/economics.html



for extensive study tools and resources.

Grading Scale

Percentage	Grade
90-100	A
80-89	B
70-79	C
60-69	D
< 60	F

Grading

Summer school is very intense and to be successful, students need to attend every class. Attendance will be recorded. Occasionally, due to illness or other unavoidable circumstances, a student may need to miss a class. Any unexcused absence may impact on the student's grade, and a student who has too many unexcused absences may fail the course.

In this course, grading will be based on the following:

Class Attendance, Engagement and Participation	10%
Friday Quizzes	45% (3 quizzes, 15% each)
Friday Assignments	15% (3 assignments, 5% each)
Final Exam	30% (Friday June 24)
	100%

Course Schedules

The planned schedule sketched out below may be modified to suit the interests or abilities of the enrolled students or to take advantage of special opportunities or events that may arise during the term.

WEEK ONE: Fundamental Principles of Microeconomics

Mon: Principles of Economics, Economic Thinking	Chapters 1 and 2
Tues: The Gains from Trade, Supply and Demand	Chapters 3 and 4
Wed: Supply and Demand, Elasticity	Chapters 4 and 5
Thurs: Supply, Demand and Government Policy	Chapters 5 and 6
Fri: Quiz and Assignment on Chapters 1-6	



WEEK TWO: Principles of Markets, Welfare and Government

Mon: Consumers, Producers and Markets	Chapters 7 and 8
Tues: Applications: Taxation and Trade	Chapters 8 and 9
Wed: Externalities and Public Goods	Chapters 10 and 11
Thurs: Common Resources and the Tax System	Chapters 11 and 12
Fri: Quiz and Assignment on Chapters 7-12	

WEEK THREE: Principles of Firms and Market Organization

Mon: Costs of Production	Chapter 13
Tues: Firms in Competitive Markets	Chapter 14
Wed: Monopoly	Chapter 15
Thurs: Monopolistic Competition	Chapter 16
Fri: Quiz and Assignment on Chapters 13-16	

WEEK FOUR: Principles of Income Distribution

Mon: Oligopoly	Chapter 17
Tues: Factors of Production	Chapter 18
Wed: Earnings and Discrimination	Chapter 19
Thurs: Income Inequality and Poverty	Chapter 20
Fri: Final Examination	

Academic Honesty

Students are expected to maintain high standards of academic honesty. Specifically, unless otherwise directed by the professor, students may not consult other students, books, notes, electronic devices or any other source, on examinations. Failure to abide by this may result in a zero on the examination, or even failure in the course.