

Principles of Microeconomics

Course Outline

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Welcome to *Microeconomics!*

The actions of individual's, be they individual people or individual firms, define the world we live in. Their actions involve choices and lead to the consumption of resources that are increasingly scarce in supply. Economics is primarily interested in this intersection i.e. describing choice behavior under the knowledge of scarcity in the resources we use. Put another way, economics, and in particular microeconomics, aims to describe the way scarce resources are consumed and allocated throughout society.

In order to establish firm concepts of consumption behavior, microeconomic theory builds models that aim to describe choice behavior in a range of alternative settings. In this course, the aim will be to introduce a range of these models that will enable you to view the world from the economist's perspective. Economics provides a remarkably accurate way of characterizing much of the behavior and choices of individual's using a relative small set of fundamental concepts. The lessons learnt in this course will help the student to have a new perspective of the world and how it works, enabling them a more complete understanding of business practices as well as policy related issues.

- **Aims**

The course aims at introducing students to the core principles of microeconomics. The course recognizes that to provide students with a strong foundation in economics that it is necessary for them to have a strong understanding of the theoretical and conceptual foundations of economics.

The module begins by introducing the ways in which economists look at and describe the world. A core foundation running throughout economics is that a country (government), firm or individual as a 'rational agent' will always try to achieve their best outcomes. Given this foundation, the remainder of the course proceeds to develop increasingly more complete understandings of the tools used by economists for describing the choices of firms and individuals. This provides a powerful way to look at policy and can often lead us to question the effectiveness of government policy choices. The course culminates in describing the nature of markets as a whole, providing foundational concepts on the way firms choose to interact with each other, and the consequences this can have on the welfare of consumers.

The topics and issues covered in this course provide the student with a strong foundation of the fundamentals of economics that will help them in all of their future studies in economics.

- **Objectives**

On completion of this module students should have acquired:

- An understanding of the foundations of microeconomic theory.

- An ability to apply the theories to aspects firm and consumer behavior, preparing them for more advance study economics, especially applied fields of economics.

- **Pre-requisites**

This course requires only very basic skills in math. In addition, some fundamental understanding of economics would be an advantage.

- **Teaching method**

The course will be mostly lecture based. There will be a series of homework exercises and in-class workshops to discuss the homework exercises. A group presentation will be conducted in about week 9. Week by week attendance is not recorded, but there will be 3 random pop-quizzes during the course of the semester which count towards the final grade. There are no opportunities to make up the grades lost from missing one of these quizzes.

- **Textbook**

Mankiw, N.G. Principles of Economics, [most recent edition], Thomson, USA.

(This book covers both microeconomics and macroeconomics. There is an edition which only includes microeconomics, with the same content, but the macroeconomics will be useful in the second semester, and avoid the need to purchase a second book at that time.)

- **Assessment**

Homeworks	20
Pop-quiz (x3)	10
Group presentation	10
Mid-term	25
Final Exam	35

- **Course outline**

Week	Date	Lecture	Homework
1		10 Principles of Economics (Ch1) Thinking Like an Economist (Ch2)	
2		Interdependence & the Gains from Trade (Ch3.) The Market Forces of Supply & Demand (Ch4)	
3		The Market Forces of Supply & Demand (Ch4) Elasticity of Demand & Supply (Ch5)	
4		Elasticity of Demand & Supply (Ch5) Supply, Demand, and Government Policies (Ch6)	
5		Supply, Demand, and Government Policies (Ch6) Consumers, Producers, and the Efficiency of Markets (Ch7) International trade (Ch9)	
6		Midterm Exam	
7		Presentations	
8		The Costs of Taxation (Ch8) Externalities (Ch10)	
9		The Costs of Production (Ch13)	
10		The Costs of Production (Ch13) Firms in Competitive Markets (Ch14)	
11		Monopoly (Ch15)	
12		Oligopoly (Ch15) Monopolistic Competition (Ch17)	
13		Final Exam	