

Economics I: Principles of Microeconomics

Fall 2007

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Who am I?

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Who are you?

- How many of you are here to take a course **required** by your major?
- How many of you are here because this is a **GE (General Education)** course?
- How many of you are here just to have fun?
- **What do you expect to learn from this class?**



What is this Class for?

- **Goal: introduce how economists think**
 - Without the math required for microeconomics
- **And, help you think like an economist!**
- Specifically, we will see how economists
 - Observe real world phenomenon
 - Build simplified models of reality
 - Derive theories and provide policy advice
 - Test implications with empirical or experimental data



Grades and Requirements

- Classroom Experiment Participation (10%)
- Midterm Quiz (30%)
- Final Exam (60%)
- Re-grade Policy: Re-grade will be on the **entire exam**, not specific sections
- In case you do better in the finals than the midterm, your finals will count as 90%
 - **As if** only one final



Textbook and Reference

1. **Textbook:** Gregory Mankiw (2007), *Principles of Economics*, 4th edition (新月).
2. **Selected Chapters:** Charles A. Holt (2007), *Markets, Games, and Strategic Behavior*, Addison-Wesley. (at <http://www.aw-bc.com>)

And, for those who know Calculus already...

3. **Reference:** R. Preston McAfee (2006), *Introduction to Economic Analysis* (downloadable at <http://www.introecon.com>)



Class Time and Dates

- **Class Time:** Wednesday 9:10am-12:10pm
- Dates of class:
- **First half:** (7 classes) (10/10 day off)
- 9/19, 9/26, 10/3, 10/17, 10/24, 10/31, 11/7
- **Midterm:** 11/14
- **Second half:** (8 classes)
- 11/21, 11/28, 12/5, 12/12, 12/19, 12/26,
1/2, 1/9



Principles of Economics

1. What is Economics?
2. Supply and Demand
3. Equilibrium
4. Equilibrium Shifts
5. Markets and Welfare
6. Classical Market Failure: Externalities and/or Public Goods
7. Information Markets
 - Midterm
8. Individual Decision Making under Various Institutions
9. Cost of Production
10. Competitive Markets
11. Monopoly
12. Oligopoly
13. Monopolistic Competition
14. Market Design and Asymmetric Information
15. Political Economy and Behavioral Economics



Chap. 1: Ten Principles

- Seven in Micro-economics
- Three in Macro-economics: Blah blah blah
- Suggested Homework:
 - Watch the “Ten Principles of Economics: A Translation” YouTube video and read its transcript online
 - Mankiw p.17, Problem 17



What Economics is About?

- Economics is a study of institutions and human behavior (reactions to institutions)
 - 「上有政策，下有對策」
 - (Classical) market mechanism is one example
- Other mechanisms: auctions, match-making
- Other institutions:
 - Governments, congress,
 - Welfare systems, national health insurance,
 - Families, social norms