BACHELOR OF ECONOMICS
THAMMASAT UNIVERSITY

Course Outline

EE 211 Principles of Microeconomics

Semester 1/2022

Number of credits: 3 credits (3-0-6)

Lecture Time: **Section 046401**: Tuesday and Thursday, 08:00 – 09.30 hours
Section 046402: Tuesday and Thursday, 09.30 – 11.00 hours

Instructors: **Section 046401: Asst. Prof. Phongthorn Wrasai**
Office: Faculty of Economics, Room 430
E-mail: pwrasai@econ.tu.ac.th, pwrasai@gmail.com
Office Hours: By appointment

Section 046402: Asst. Prof. Dr. Phatta Kirdruang
Office: Room 15, 4th Floor, 60th Anniversary Building
Email: phatta@econ.tu.ac.th
Office Hours: By appointment

Course Description:

Principles of microeconomics such as value, price, resource allocation, introduction to theories of consumption and production with an emphasis on factors determining supply and demand of goods and services, determination of price and efficiency of resource allocation in perfect and monopoly markets; competitive factor market and introductory concepts of market failures.

Prerequisites:

For economics major students or students aimed to transfer to economics major only.

Venue and logistics:

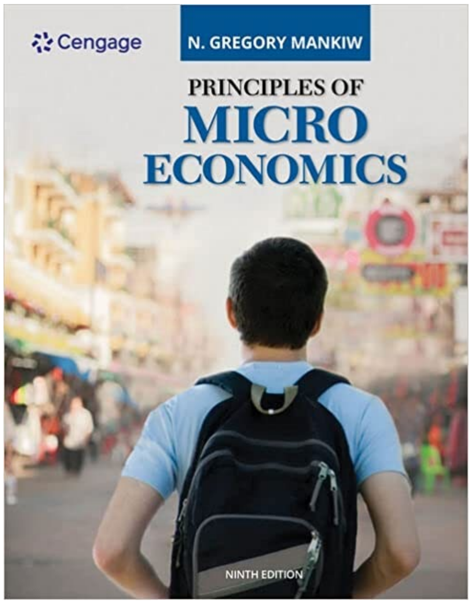
Section 046401:

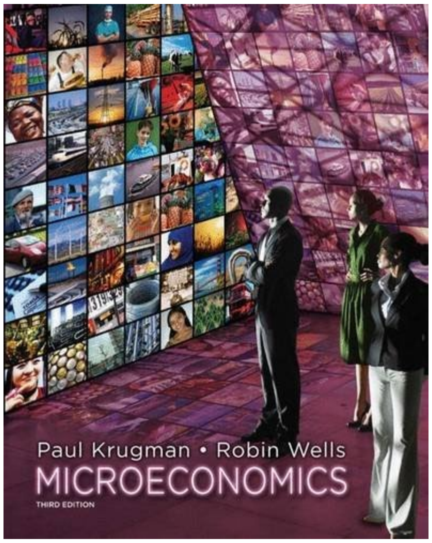
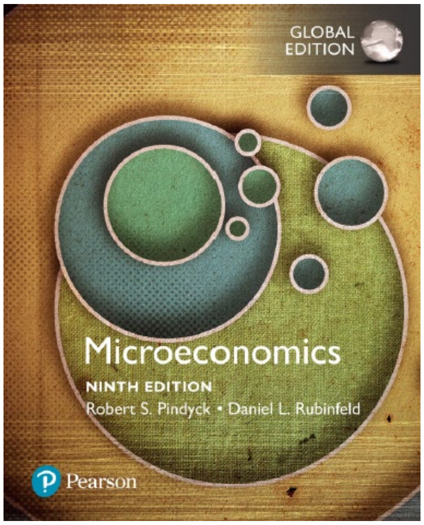
Class time:	Tuesday and Thursday, 8.00 – 9.30
Class Venue:	Room 304, Faculty of Economics
Teaching Materials Platform:	http://bemoodle.econ.tu.ac.th/ (Enrollment key: 2860)

Section 046402:

Class time:	Tuesday and Thursday, 09.30 – 11.00
Class Venue:	Room 302, Faculty of Economics
Teaching Materials Platform:	http://bemoodle.econ.tu.ac.th/ (Enrollment key: 6438)

Textbooks:

	Mankiw, N.G., (2021) **Principles of Microeconomics**, 9th ed., Cengage, Print Edition ISBN: 9780357133484, Copyright 2021 Cengage Learning, Cengage Learning

	Krugman, P. and Robin Wells, (2018) **Microeconomics**. 3nd ed. Macmillan Education, (Hereafter, KW)—Earlier editions are applicable.
	Pindyck, Robert S. and Daniel E. Rubinfeld. **Microeconomics**, (9^{th} ed.), New Jersey: Prentice -Hall, 2018.

Other Textbooks:

Frank, R.H. **Microeconomics and Behavior**. 8th ed. McGraw-Hill, 2010.

Karl E. Case, Ray C. Fair, and Sharon E. Oster. **Principles of Microeconomics** plus MyEconLab with Pearson eText, Global Edition, 12/E, 2017, Pearson. (Hereafter, CFO)—*Earlier editions are applicable.*

Lipsey, R.G., C.T.S. Ragan, and P.A. Storer. ***Economics***, 13th ed. Pearson Addison Wesley, 2008.

Perloff, J. **Microeconomics**, (8th ed.) Boston: Pearson, 2018.

Supplementary Reading (for fun):

Ariely, Dan. **Predictably Irrational, Revised and Expanded Edition: The Hidden Forces That Shape Our Decisions**. HarperCollins e-books; Revised and Expanded ed. edition (June 6, 2009).

Chang, Ha-Joon. **Economics: The User's Guide**, Bloomsbury Press; 1st edition (August 26, 2014).

Frank, Robert. **The Economic Naturalist: In Search of Explanations for Everyday Enigmas** (Paperback). Basic Books (April 7, 2008).

Harcourt, Tim, **The Airport Economist**, Crows Nest: Allen & Unwin, 2008.

Harford, Tim. **The Undercover Economist: Exposing Why the Rich Are Rich, the Poor Are Poor--and Why You Can Never Buy a Decent Used Car!** Random House Trade Paperbacks (January 30, 2007).

Harford, Tim. **Adapt: Why Success Always Starts with Failure**, June 2, 2011.

Kahneman Daniel. **Thinking, Fast and Slow,** Farrar, Straus and Giroux; 1st edition (October 25, 2011)

Landsburg, E. Steven. **The Armchair Economist (revised and updated May 2012): Economics & Everyday Life**, November 1, 2007.

Levitt D. Steven and Stephen J. Dubner. **Freakonomics: A Rogue Economist Explores the Hidden Side of Everything**, William Morrow; Revised & Expand, Roughcut edition, 2006.

Marshall Jevons, **Murder at the Margin: A Henry Spearman Mystery**, Princeton University Press (September 22, 2014).

Marshall Jevons, **The Fatal Equilibrium**, Fawcett; Reprint edition (July 12, 1986).

Marshall Jevons, **A Deadly Indifference: A Henry Spearman Mystery (Henry Spearman Mysteries)**, Princeton University Press (September 22, 2014)

Wheelan, Charles. **Naked Economics: Undressing the Dismal Science**. W. W. Norton & Company (September 2003).

List of Economics Films:

“Star Wars”

Dr. Strangelove or: How I Learned to Stop Worrying and Love the Bomb (1964)

“A Beautiful Mind” Universal Studios, 2001.

“Norma Rae” Trimark, 1979, video released 2001.

“Speed” Twentieth-Century Fox, 1994.

“The Rainmaker”, Paramount 1997

“Erin Brockovich” Universal, 2000.

“Hero” Miramax, 2004.

“Day After Tomorrow”, Fox 2004.

“An Inconvenient Truth”, 2006 - Capitalism and the environment

“Moneyball”, 2011 - About an econometric model

“Inside Job”, 2010 - -About the 2007-2008 financial crisis

“Margin Call”, 2011 - About the 2007-2008 financial crisis

“The Big Short” 2015 - About the 2007-2008 financial crisis

“The Dark Knight” 2008 - Oligopolies and Game Theory

“Anchorman” 2004 - Efficiency and Externalities

“Indiana Jones” - Demand and Supply

“Margin Call” (2011)

Some Useful Links

Prize in Economic Sciences: https://www.nobelprize.org/prizes/lists/all-prizes-in-economic-sciences/

Greg Mankiw’s Blog: http://gregmankiw.blogspot.com/

Hal R. Varian: http://people.ischool.berkeley.edu/~hal/

Krugman's Blog: https://www.nytimes.com/column/paul-krugman

The Undercover Economist: http://timharford.com

The Airport Economist: http://www.theairporteconomist.com

The Economist Magazine: http://www.economist.com

Evaluation:

Homework Assignments	5 points
Quizzes	10 points
Midterm Exam	35 points
Final Exam	50 points
Total	**100 points**

Remarks:

- **Mid-Term Examination:** Thursday, September 29, 2022 (09:00-11:00 hrs.)
- **Final Examination:** Wednesday, November 30, 2022 (13:30-16:30 hrs.)

Grading Policy:

A	= 4.0 (85 – 100)	Excellent
B+	= 3.5 (80 – 84)	Very Good
B	= 3.0 (75 – 79)	Good
C+	= 2.5 (65 – 74)	Fair
C	= 2.0 (60 – 64)	Adequate
D+	= 1.5 (55 – 59)	Poor
D	= 1.0 (50 – 54)	Very Poor
F	= 0.0 (<49)	Fail

Objectives:

After completing this course, students should have developed a range of skills enabling them to understand economic concepts and use those concepts to analyze specific questions.

By the end of this course, students should be able to:

- Understand the concept of opportunity cost
- Understand market forces of supply and demand
- Understand the concept of elasticities
- Understand the concept of consumer and producer surpluses
- Understand consumer behavior.
- Understand firm behavior in a perfectly competitive and monopoly structure.

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- Analyze different types of market structures (a competitive market Vs. Monopoly).
- Understand how to apply economic principles to a range of policy questions.

Students should also have the skills needed to:

- Use supply and demand diagrams to analyze the impact of overall changes in supply and demand on price and quantity.
- Calculate producer and consumer surplus.
- Solve a consumer's utility maximization problem mathematically and graphically; analyze the impact of changes in price and income on a consumer's decision via shifting income and substitution effects.
- Solve a firm's cost minimization problem mathematically and graphically.
- Analyze the behavior of firms in a perfectly competitive market in the short-run and the long-run.
- Analyze the behavior of a firm in a monopoly and calculate the resulting changes in producer or consumer surplus.
- Use economic tools to analyze economic policies.

Expected Learning Outcomes:

1. Morality and Ethics

Applicability	Expected Learning Outcomes
●	1.1 Students demonstrate integrity.
○	1.2 Students prioritize social and public benefits over personal ones.
●	1.3 Students are punctual and comply with the code of conduct of the institution and society at large.
○	1.4 Students are responsible and accountable to society, the nation, and the subject of economics.
○	1.5 Students realize the cultural and environmental value of a sustainable society.

2. Knowledge

Applicability	Expected Learning Outcomes
●	2.1 Students know and understand modern economics principles and theories, and are up to date with new developments.
●	2.2 Students know and understand Thai and global economic structure and the importance of major international economic events.
●	2.3 Students know and understand the instruments of economic analysis.
●	2.4 Students know and understand applied fields in economics, including monetary, public, international, business, natural resource, and environmental, industrial, agricultural, cooperative,

	political, developmental, and entrepreneurial economics as well as agribusiness.
○	2.5 Students are informed about related fields including sociology, business administration, education, law policy, and science.

3. Intellectual Development

Applicability	Expected Learning Outcomes
●	3.1 Students have developed individual critical thinking.
●	3.2 Students are sufficiently trained in research skills.
●	3.3 Students demonstrate an ability to analyze and synthesize data, as well as appropriately integrate economics concepts to understand the causes of current economic problems in Thailand. Based on analysis and synthesis, students demonstrate an ability to propose policy guidelines to resolve problems.

4. Interpersonal Skills and Responsibilities

Applicability	Expected Learning Outcomes
●	4.1 Students are responsible for assigned tasks and work in groups effectively.
○	4.2 Students have problem-solving skills.
○	4.3 Students show leadership skills and team spirit.
●	4.4 Students are always improving themselves.
○	Students have good interpersonal skills, adapt, and work under different conditions.

5. Quantitative Analysis, communication, and information technology

Applicability	Expected Learning Outcomes
○	5.1 Students select and apply appropriate statistical and mathematical methods for data processing, interpretation, conclusions, and recommendations to resolve problems.
○	5.2 Students communicate effectively and select appropriate presentation methods.
○	5.3 Students use information and communication technologies appropriately to gather data as well as process, interpret, and present results.

Remark: ● Primary expected outcome ○ Secondary expected outcome

“The purpose of studying economics is not to acquire a set of ready-made answers to economic questions, but to learn how to avoid being deceived by economists.”

Joan Robinson (1903-1983),
British Economist

Study Plan:

The class schedule shown below may be adjusted during the semester as needed.

Sessions	Date	Topics	Activities/Text & Materials/ Media
#1: **Economics: The Study of Choice**	9 – 11 Aug (2 lectures)	○ **What is Economics all about?** ○ **The Basic Economic Problems** ○ **Circular Flow** ○ **Microeconomics Vs. Macroeconomics** ○ **Confronting Scarcity: Production Possibilities Curve (PPC)** ▪ Assumptions ▪ An Illustration of Scarcity, Choice, and Opportunity Costs Using the PPC ▪ Economic Growth and Changes in the PPC ○ **Economists’ Tool Kit** ▪ Equilibrium Analysis ▪ Comparative Static Analysis ▪ Constrained Optimization	**Read**: Mankiw, chs.1-2; KW, chs.1-2
#2-#3: **Demand, Supply, and Equilibrium**	16 – 25 Aug (4 lectures)	○ **Market: Meaning and Components** ○ **Demand: Buyers’ Behavior** • Meaning • Law of Demand • Individual and Market Demands • The Determinants of Demand (or Demand Shifters) • The Distinction between “Change in Quantity	**Read**: Mankiw, ch.4; KW, ch.3

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Sessions	Date	Topics	Activities/Text & Materials/ Media
		Demanded" and "Change in Demand" ○ **Supply: Sellers' Behavior** • Meaning • Law of Supply • Firm and Market Supplies • The Determinants of Supply (or Supply Shifters) • The Distinction between "Change in Quantity Supplied" and "Change in Supply" ○ **Market Equilibrium: When Demand and Supply Meet** • Meaning and How to Determine the Equilibrium • What Will Happen if the Market is Not Yet in an Equilibrium? (Adam Smith's Invisible Hand or Market Clearing Process) ○ **Shocking an Equilibrium** • When the demand curve shifts • When the supply curve shifts • When both demand and supply curves simultaneously shift	
#4: **Elasticity: A Measure of Response**	30 Aug – 1 Sep (2 lectures)	○ **Elasticity** ▪ Meaning ▪ Measurement ▪ Why Elasticity? : Absolute Change, Relative Change, and Percentage Change ○ **Price Elasticity of Demand: Defined** ▪ Computing Price Elasticity of Demand • Point-Price Elasticity of Demand • Arc-Price Elasticity of Demand	**Read:** Mankiw, ch.5; KW, ch.6

Sessions	Date	Topics	Activities/Text & Materials/ Media
		• Determinants of Price Elasticity of Demand • Total Revenue and Price Elasticity of Demand ○ **Other Demand Elasticities** • Income Elasticity of Demand • Cross Price Elasticity of Demand ○ **Elasticity of Supply: Meaning, Measurement, and Determinants**	
#5: **Consumers, Producers, and the Efficiency of Markets**	6, 8 Sep (2 lectures)	○ **Consumer Surplus** ▪ Willingness to Pay (WTP) ▪ Using the Demand Curve to Measure Consumer Surplus ▪ Effect of a Price Change on Consumer Surplus ▪ What Does Consumer Surplus Measure? ○ **Producer Surplus** ▪ Cost and the Willingness to Sell ▪ Using the Supply Curve to Measure Producer Surplus ▪ Effect of a Price Change on Producer Surplus ▪ What Does Producer Surplus Measure? ○ **Market Efficiency**	**Read:** Mankiw, ch.7; KW, ch.4
#6 **Applications on Demand, Supply, and Government Policies**	13, 15 Sep (2 lectures)	○ **Government Intervention in Market Prices** ▪ Price Ceilings ▪ Its effect on price and quantity ▪ Its inefficiency in resource allocation ▪ Welfare Analysis of Price Ceilings (Who gain and lose from the policy?) ▪ Price Floors	**Read:** Mankiw, ch. 6; KW, chs.5 and 7

Sessions	Date	Topics	Activities/Text & Materials/ Media
		▪ Its effect on price and quantity (Case study: Agricultural commodities) ▪ Its inefficiency in resource allocation ▪ Welfare Analysis of Price Ceilings (Who gain and lose from the policy?) ▪ Effects of Taxes • A Unit Tax Vs. Ad Valorem Tax • Meaning and Effect of a Unit Tax on Supply and Demand Curves • A Unit Tax Imposed on Producers Vs. A Unit Tax Imposed on Consumers • Its effect on the price consumers paid, price producers received, consumers' tax burden, producers' tax burden, government tax revenue, consumer and producer surplus, and total surplus • Demand and Supply Elasticities: Implications on tax burdens incurred by consumers and producers • The differences between Unit Tax	

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Sessions	Date	Topics	Activities/Text & Materials/ Media
		imposed on producers and on consumers ▪ Effects of Subsidy Given to Producers	
#7-#9: **The Theory of Consumer Choice**	20,22 Sep; 4, 6 Oct (4 lectures)	o **Utility Theory (or Cardinal Approach)** • The Meaning of Utility • Relationship between Total Utility and Marginal Utility • Law of Diminishing Marginal Utility • Consumers' Equilibrium (or Rational Spending Rule) and Change in Equilibrium o **Indifference Curves Theory (or Ordinal Approach)** o What a Consumer Wants • The Meaning of the Indifference Curve • Properties of Indifference Curve • The slope of Indifference Curve and Marginal Rate of Substitution (MRS) o What the Consumer Can Afford • Budget Line: Meaning, Slope, and Change in Budget Line o How the Consumer Optimally Chooses o Consumer Equilibrium and Change in Equilibrium o Derivation of an Individual Demand Curve Using Indifference Curves and Budget Lines o How a Consumer Responds to Change in Price: Substitution and Income Effects (Hicksian Approach)	**Read:** Mankiw, ch.21; KW, chs.10-11; Frank, chs.3-4;; Lipsey, ch. 6 (& appendix);
#10-#12: **Production and Cost in the**	11, 13, 18, 20, 25, 27 Sep (6 lectures)	o **Firm and the Objectives of Production** o **Production Functions**	**Production in the Short-Run**

Sessions	Date	Topics	Activities/Text & Materials/ Media
Short-Run and in the Long-Run		○ **The Meaning of Cost** ▪ Economic and accounting costs ▪ Sunk costs ▪ Private cost and social cost ○ **The distinction between Short-run and Long-run** ○ **Production and Costs in the Short-run** ▪ Total Product (TP), Average Product (AP), Marginal Product (MP) ▪ Relationship of TP, AP, and MP ▪ Law of Diminishing Returns ▪ Stage of Production ○ **Relationship between Costs and Production** ○ **Short-run Costs of Production: TFC, TVC, TC, AFC, AVC, ATC, MC** ○ **Production and Costs in the Long-run** **Isoquant** ○ Isocost ○ Least Cost Combination ○ Expansion Path ○ The Meaning of Returns to Scale ○ Long-run Costs of Production: LTC, LAC, LMC ○ Relationship between Expansion Path and LTC ○ Relationship between Long-run and Short-run Costs ○ Economies and Diseconomies of Scale	**Read:** Mankiw, ch.13; KW, ch.12; Frank, chs.9-10; Supplement Note provided in our class, **Production in the Long-Run** **Read:** Supplement Note provided in our class; Frank, chs. 9-10; KW, ch. 12
#11-#13: **Market Structure**	1, 3, 8, 10, 15, 17 Nov (6 lectures)	○ **Meaning** ○ **Structure of Perfect and Imperfect Markets** ○ **Producer's Objectives**	**Read:** Mankiw, chs.14-15; KW, chs. 13-14

Sessions	Date	Topics	Activities/Text & Materials/ Media
		○ **The Meanings of Profits and Loss** ○ **Profit Maximization** ▪ TR-TC Approach ▪ MR-MC Approach ○ **Perfectly Competitive Market** ▪ The Nature of Demand, TR, MR, AR, and Their Relationships ▪ Short-run Equilibrium ▪ Derivation of Firm's and Market's Short-run Supply Curves ▪ Long-run Equilibrium ○ **Monopoly** ▪ Causes of Monopoly ▪ The Nature of Demand, TR, MR, AR, and Their Relationships ▪ Short-run Equilibrium ▪ Economic Effects of Monopoly ○ **Comparison between Perfect Competition and Monopoly**	
#14: **Factor Markets**	22 Nov (1 lecture)	○ **Demand for factor as a derived demand** ○ **The firm's demand for a factor** ○ **The supply of a factor** ○ **Determination of factor prices** Under the two scenarios: 1) Both factor market and output market are perfectly competitive. 2) A factor market is perfectly competitive but an output market is under a monopoly	**Read:** Mankiw, ch.18; KW, ch. 20; Perloff, ch. 15.1-15.3
#15: **Market Failure**	24 Nov (1 lecture)	○ **Meaning and Characteristics** ○ **Origins of Market Failure** ▪ Monopoly Power	**Read:** Mankiw, chs.10-11, 15 and 22; KW, chs. 17-18

Sessions	Date	Topics	Activities/Text & Materials/ Media
		▪ Public Goods ▪ Externalities ▪ Asymmetric Information o **Consequences of Market Failure** o **Correction of Failure and Imperfections: Government or Private sector**	**Watch:** "Erin Brockovich", "Day After Tomorrow".

Academic Calendar (Semester 1/2022):

Semester 1/2022 (August 8 – November 26, 2022)	
Registration at REG TU (*ID.62-64)	July 11 - 14, 2022
Registration at REG TU (*ID.65)	July 26, 2022
Tuition Fee Payment Period (Via TU Greats App)	July 15 - 17, 2022
Classes Begin	August 8, 2022
Add-drop period	August 8 – 21, 2022 *(from 9.00 AM of August 8 to 10.30 PM of August 21)*
*H.M. Queen Sirikit The Queen Mother's Birthday**	*August 12, 2022*
Tuition Fee Payment Period (Via TU Greats App)	August 22 – 24, 2022 *(9 AM - 10.30 PM)*
Mid-term Examination Period	September 25 – October 2, 2022
Withdrawal period with "W" on record	August 26 – October 16, 2022 *(from 9.00 AM of August 26 to 10.30 PM of October 16)*
*H.M. King Bhumibol Adulyadej The Great Memorial Day**	*October 13, 2022*
*King Chulalongkorn's Day**	*October 23, 2022*
*Substitution for King Chulalongkorn's Day**	*October 24, 2022*
Last day of class for Semester 2/2021	November 26, 2022
Final exam period	November 28 – 30, December 1 – 4, 6 – 9, 13 – 16, 2022
*H.M. King Bhumibol Adulyadej The Great's Birthday**	*December 5, 2022*
*Constitution Day**	*December 10, 2022*
*Substitution for Constitution Day**	*December 12, 2022*
Submitting Forms for Degree Conferral	August 8 – 21, 2022

Remark * Holiday, No classes during this period