**COURSE CONTENT**

**Course Coordinator**  
AU Pak Hung

**Course Code**  
HE2001

**Course Title**  
Intermediate Microeconomics

**Pre-requisites**  
HE1001 Microeconomics Principles/  
HE9091 Principles of Economics/  
AB0901 Principles of Economics: A Singapore Perspective

**No of AUs**  
3

**Contact Hours**  
39 hours (2 hours lecture and 1 hour tutorial per week)

**Course Aims**  
The main aim of this course is to provide a solid understanding of the functioning of the market and its limitation in achieving socially desirable outcomes. To this end, we begin with welfare economics and define socially desirable outcomes. Then we analyze the market equilibrium under perfect competition, and show that the social optimum is achieved. After establishing the benchmark of perfect competition, we study various market frictions that lead to market failure, including externality, common access, and asymmetric information. Our analysis on asymmetric information would put particular emphasis on how market participants respond to incentives.

**Intended Learning Outcomes (ILO)**  
By the end of this course, you (as a student) would be able to:

1. Explain why markets often work;
2. Explain why markets may sometimes fail;
3. Analyze the effects of government policies on market;
4. Analyze how market participants respond to incentives they are facing.

**Course Content**  
1. Welfare economics: public choice  
2. Welfare economics: utilitarianism  
3. Consumers’ and producers’ surplus  
4. Competitive equilibrium and effect of government policies  
5. Externality  
6. Common property and public goods  
7. Risk and Uncertainty  
8. Adverse selection  
9. Signaling  
10. Moral Hazard  
11. Auction
Assessment (includes both continuous and summative assessment)

1. CA 1 : 5%
2. CA 2 : 25%
3. Tutorial assignment : 10%
4. Final Examination : 60%
Total : 100%

Reading and References

Varian, H.R.
Intermediate microeconomics: a modern approach

Course Instructors

<table>
<thead>
<tr>
<th>Instructor</th>
<th>Office Location</th>
<th>Phone</th>
<th>Email</th>
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</thead>
<tbody>
<tr>
<td>Au Pak Hung</td>
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Planned Weekly Schedule

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<th>Topic</th>
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<th>Readings/ Activities</th>
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<td>Welfare: public choice</td>
<td>1-2</td>
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<tr>
<td>2</td>
<td>Welfare: utilitarianism</td>
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<td>3</td>
<td>Consumers’ and producers’ surplus</td>
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<td></td>
<td>and competitive equilibrium</td>
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<td>4</td>
<td>Externality</td>
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<td>Public goods and common properties</td>
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<td>6</td>
<td>Risk and uncertainty</td>
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<td>7</td>
<td>Midterm</td>
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<td>8</td>
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<td>13</td>
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<td>1-4</td>
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