

MACQUARIE
UNIVERSITY



FACULTY OF
BUSINESS AND ECONOMICS

ECON632 Intermediate Microeconomics

Semester 1, 2011

Department of Economics

ECON632 Intermediate Microeconomics

Year and Semester: 2011, Semester 1

Unit convenor: Fatemeh Nazifi

Prerequisites: None

Corequisites: None

You should read this unit guide carefully at the start of semester. It contains important information about the unit. If anything in it is unclear, please consult one of the teaching staff in the unit.

ABOUT THIS UNIT

ECON632 Intermediate Microeconomics is an intermediate-level unit in theoretical and applied microeconomics. It may be seen as providing the insights and tools necessary for the study of more specialised areas in economics, accounting, finance and marketing. The unit places strong emphasis on developing analytical and theoretical skills as a means of encouraging rigorous and logical thinking about real-world economic questions.

Throughout this unit, a framework is developed from the standpoint of individual decision-makers that allows the economic behaviour of consumers, producers, markets and society as a whole to be analysed. Topics covered include consumer choice and the theory of demand; consumer welfare measurement; labour supply; theory of the firm; production and cost theory; profit maximisation; perfect competition; monopoly; oligopoly; game theory; general equilibrium.

TEACHING STAFF

Convenor:

Fatemeh Nazifi, Room: E4A432
Email: fatemeh.nazifi@mq.edu.au

Clarification of specific points in lectures should be directed to Fatemeh Nazifi at the end of the lecture or in her consultation hours posted on the unit web page <http://learn.mq.edu.au>. If you cannot contact your lecturer in person you should email her, using ECON632 as the subject of your email. Please ensure that you use your official Macquarie University email account.

Students experiencing significant difficulties with any topic in the unit are strongly encouraged to seek assistance immediately.

CLASSES

- This unit provides 3 hours face-to-face teaching per week. The majority of this time will be devoted to lectures but some time will be set aside for tutorial sessions. The tutorials will be held during the normal class time. **(There are no tutorials in the first week of semester)**
- The timetable for lectures can be found on the University web site at: <http://www.timetables.mq.edu.au/>

Class time: Monday 18:00 – 21:00

Location: C5C 209

Please note that if a lecture room is overfull, the lecturer may ask unseated students to leave. This is a requirement of University health and safety regulations. Lecture slides will be available on the unit web page at <http://learn.mq.edu.au>.

Please consult the Course Diary below for precise details of the currently scheduled lecture dates for the whole unit. During the semester, unforeseen circumstances may require the cancellation of some lectures and/or tutorials. Any changes will be announced as far as possible in advance both in lectures and on the unit website.

All students must attend all lectures and tutorials. Students who miss classes put themselves at a significant disadvantage for several reasons, including:

(i) Not all the material in the text is covered in the unit, and not all the material in the unit is covered in the text. In some places the text deals with issues in greater depth than is necessary for the unit, and in other places it doesn't go far enough. The lectures contain all the unit material taught at the level required for the assessment tasks, and are your guide to the unit content. The tutorials will demonstrate the way questions in microeconomics are approached.

(ii) The lectures and tutorials will include significant guidance about the style and content of the final exam and recommendations about study technique.

(iii) It is difficult (and often impossible) for staff to provide meaningful assistance to students outside class times on topics for which they did not attend the relevant lectures and tutorials.

REQUIRED AND RECOMMENDED TEXTS

Recommended Text:

Perloff, JM, (2008), *Microeconomics, Theory and Applications with Calculus* (1st Ed), Pearson/Addison Wesley

The text is available for purchase at Co-op Bookshop. A small number are available on reserve in the library.

Unit materials:

Mason, C and Stone, L, 2008, *Study Guide to accompany, Microeconomics, Theory and Applications with Calculus* (1st Ed) by Perloff, JM., Pearson/Addison Wesley
Available for purchase at Co-op Bookshop bundled with the Perloff text.

In the text will be an access code and information that will enable you to use a free online study resource MyEconLab that is available with the related textbook Perloff, JM, (2008) *Microeconomics*, (5th Ed), Pearson/Addison Wesley. While this resource is not directly related to the Perloff text used in ECON632 it may be of use for students seeking extra material.

Supplementary General Texts

Your textbook will be more than adequate for this unit. You may find it useful to see how the same material is treated in other intermediate microeconomic texts. The following is a list of supplementary textbooks that can be used in this unit. These books cover most of the material covered in your textbook, but each one does so in its own unique way. You may choose to consult these books if you feel that a slightly different presentation of the material might aid your understanding.

Intermediate

Nechyba, T.J., (2011) *Microeconomics: An Intuitive Approach with Calculus*, South Western/Cengage Learning

Varian, H.R., (2006) *Intermediate Microeconomics: A Modern Approach*, (7th Ed), New York: Norton.

Eaton, B.C., Eaton, D.F. and Allen, D.W., (2005) *Microeconomics*, (6th Ed) Toronto Canada: Pearson Prentice-Hall.

Frank, R.H., (2006) *Microeconomics and Behaviour*, (6th Ed) Boston: McGraw-Hill.

Katz, M.L. and Rosen, H.S., (1994) *Microeconomics*, (2nd Ed) Boston: Irwin.

Mansfield, E. and Yohe, G., (2004), *Microeconomics*, (11th Ed), New York: Norton.

Schotter, A., (2003) *Microeconomics: A Modern Approach*, (3rd Ed) New Jersey: Prentice Hall.

Mathematical detail

Chiang, A.C., (1984) *Fundamental Methods of Mathematical Economics*, (3rd Ed), New York: McGraw-Hill.

UNIT WEB PAGE

Lecture and tutorial material as well as up to date information concerning any aspect of the unit, including any changes to the schedule, will be available to students by logging on to Blackboard at <http://learn.mq.edu.au>. The lecture slides and the pre-set tutorial questions for each week's lecture will be posted on the web page, before the lecture.

The following information will be available on Blackboard:

• Unit Outline	• Announcements
• Lecture slides	• Online quizzes
• Results of Assessment tasks	• Tutorials
• Consultation hours	• Other relevant material

You are strongly encouraged to regularly visit the website and use it as a resource centre to assist with your learning.

If you have any problems accessing this web page you should go the Online Teaching Facility support web page at <http://online.mq.edu.au/docs/tecinf.html>

Please remember to log out when you have finished using Blackboard. Failure to do so could result in unauthorised access to your Blackboard account.

LEARNING OBJECTIVES AND OUTCOMES

At the completion of this unit you will be familiar with the approach and methods of theoretical and applied microeconomics. You will have developed the insights and tools necessary for the study of more specialised areas in economics such as finance, actuarial studies, labour economics, health economics, industrial organisation and public economics. You will be familiar with the generic process of microeconomic analysis focussing on the aims of individual decision-makers, (consumers and producers); how these objectives are constrained by the opportunities available to agents (budget constraints or market structures) and be able to evaluate alternative economic outcomes in terms of their normatively defined welfare economic properties (efficiency and equity). Detailed topics to which you will be able to apply this method include consumer choice and the theory of demand; consumer welfare measurement; labour supply; theory of the firm; production and cost theory; profit maximisation; perfect competition; monopoly; oligopoly; game theory; general equilibrium.

In addition to the discipline-based learning objectives, all academic programs at Macquarie seek to develop students' generic skills in a range of areas. This unit will contribute to the development of skills in:

- Literacy, numeracy
- Self-awareness and interpersonal skills
- Critical analysis skills
- Problem-solving skills
- Creative thinking skills

LEARNIG AND TEACHING STRATEGY

This unit is taught as a mix of lectures and tutorials. The lectures are designed to provide the tools which can then be applied in tutorials. The tutorials comprise numerical problems and analytical questions and will be detailed in a separate document on Blackboard at the end of week 1. There should be the opportunity to explore issues raised in lectures and to ask questions. The tutorials aim to improve understanding of microeconomic theory and policy.

Lectures:

Lectures are intended to provide overviews of the conceptual framework and economic data that are critical to the core themes of the unit. Students are expected to read the relevant chapters before each lecture.

Independent learning – learning by doing (about 6 hours each teaching week and 9 hours each week during the 2-week mid-semester recess).

ECON632 relies heavily on independent learning where students read the relevant chapter, revise the lecture notes, prepare answers to the tutorial questions and extend themselves by doing additional reading, questions, exercises, problems.

Tutorials –beginning in Week 2

Tutorials constitute a critical learning experience of this unit and students must attend them. Group work is an essential part of learning. In ECON632, I emphasise peer-to-peer learning by working as a group through the exercises and learning from others (fellow students and the lecturer). Presenting and explaining concepts to other students will allow you to not only absorb and learn but develop the ability to communicate what you have learnt to others, which will reinforce learning. Together, it will help you fully understand the material in the course. A tutorial is also an active forum to present to the lecturer/tutor difficulties you encountered when preparing for the pre-set tutorial questions. Ask your lecturer/tutor questions and further guidance on how to approach questions. Students are expected attempt the tutorial questions before each tutorial.

Relationship between Assessment and Learning Outcomes

The modes of assessment are designed to ensure that students become familiar with the theoretical models that form the body of contemporary microeconomics and that they apply microeconomic models to various economic problems and issues. The assignment will also ensure that the students understand the associated empirical implications and policy issues.

The components of assessment in this course are as follows:

(1) Tutorial Group Presentation 10%

Students will be organised into groups of 3 students. You are required to work through the tutorial exercises with your group throughout the semester. Each group then presents the solutions to the class to receive a mark out of 10, which will contribute 10% to your final exam. A separate document detailing the tutorial programme and the pre-set tutorial questions will be made available to students on blackboard at the end of week 1.

(2) Mid-semester test 20% (10% multiple choice and 20% short answer)

A 90-minute test (including 25 multiple choice questions and 2 short-answer questions) will be held in place of the regular lecture in Week 7. This test is an indication of the form of the final examination. A non-programmable calculator is allowed in the test.

(3) Online quizzes 10% (2.5% each quiz)

There will be 4 online quizzes in this course, each containing 20 multiple choice questions randomly selected from a test bank and each student will most likely face a slightly different set of questions. The quizzes will be accessed online through the unit web page on Blackboard at <http://learn.mq.edu.au>. Each quiz will be available until midnight the day before the following quiz and then it will be closed. The final quiz will be closed at midnight on the final day of teaching. All students must access and complete the quiz in the set time period.

Students must be aware that IT failures occur and that with large numbers of students, congestion can at times limit access. It is the student's responsibility to plan for these possibilities and completion of the quiz soon after release is strongly advised. While catastrophic system failures will be taken account of, events such as system outage with three hours to go will not.

Quiz	Released	Availability
1	Week 3	12pm 07/03 – 12pm 27/03
2	Week 6	12pm 28/03 – 12pm 01/05
3	Week 9	12pm 02/05 – 12pm 22/05
4	Week 12	12pm 23/05 – 12pm 03/06

(4) Final Examination 60% (20% multiple choice and 40% short answer)

A 3 hour final examination for this unit will be held during the University Examination Period. The examination will contain a multiple choice section with an indicative time requirement of 1 hour and short answer question section with an indicative time of 2 hours. Marks awarded for these sections will be in proportion to the indicative times.

The conditions for the requesting and granting of requests for special consideration in all elements of the assessment are set out below.

REQUIREMENTS TO PASS THE UNIT

The final grade will be determined after consideration of performance in all aspects of the course.

Under the current grading system, a standardised numerical grade (SNG) will be awarded together with a band grade HD, D, Cr, P, PC, or F.

It is important for students to note that the SNG is NOT the weighted aggregate of the raw marks for the above four assessment components. It is rather a detailed grade that is chosen from 0 to 100 based on other criteria as well as the raw marks. For instance, the SNG for a student who gains a raw aggregate mark of 55 but fails the final would be lower than 45 indicating that he/she fails the unit.

As such, an SNG of say 73 or 74 does NOT mean that the student's aggregate mark is one or two marks below the threshold for a D. It means that his/her work and performance in the unit is of predominantly good quality and did better than other students in the Cr band but not quite of superior quality needed for a D.

Failure to attend any of the assessment components without the submission of an Application for Special Consideration on the grounds of illness or unavoidable mishap together with the required supporting documentation will result in a mark of zero for the assessment.

If you wish to advise of your absence from quizzes, mid-semester tests or examination for reason of illness or unavoidable mishap you must fill out an Application for Special Consideration. The forms are available from the Student Enquiry Service or online at <http://www.reg.mq.edu.au/Forms/APSCon.pdf>. The completed form with appropriate supporting documentation must be submitted to the Student Enquiry Service, not to the Faculty of Business and Economics.

For absence related to illness you will need to include an EFS Professional Authority Advice Form. Students granted special consideration for a quiz will not be able to resit the quiz. Their assessment on the remaining components of the course will be scaled up proportionally. Students granted Special Consideration for the missed mid semester test will be required to sit the test at a later time. Granting of Special Consideration for the final exam will permit students to sit for a supplementary examination.

More detail on the policy and required documentation can be found at http://www.mq.edu.au/policy/docs/s/procedure_specialconsideration.htm

The University Examination period in First Semester 2011 is from 06/06/2011 to 25/06/2011.

You are expected to present yourself for examination at the time and place designated in the University Examination Timetable. The timetable will be available in Draft form approximately eight weeks before the commencement of the examinations and in final form approximately four weeks before the commencement of the examinations.
<http://www.timetables.mq.edu.au/exam>

You are advised that it is Macquarie University policy not to set early examinations for individuals or groups of students. All students are expected to ensure that they are available until the end of the teaching semester, the final day of the official examination period.

The only exception to not sitting an examination at the designated time is because of documented illness or unavoidable disruption. In these circumstances you may wish to consider applying for Special Consideration. Information about unavoidable disruption and the special consideration process is available at http://www.mq.edu.au/policy/docs/s/procedure_specialconsideration.htm

If a Supplementary Examination is granted as a result of the Special Consideration process the examination will be scheduled after the conclusion of the official examination period. Students are advised that if they are granted a Supplementary Examination they are expected to present at the scheduled time and that requests for secondary supplementary examinations are not normally considered.

PLAGIARISM

The University defines plagiarism in its rules: "Plagiarism involves using the work of another person and presenting it as one's own." Plagiarism is a serious breach of the University's rules and carries significant penalties. You must read the University's practices and procedures on plagiarism. These can be found in the *Handbook of Undergraduate Studies* or on the web at: <http://www.student.mq.edu.au/plagiarism/>

The policies and procedures explain what plagiarism is, how to avoid it, the procedures that will be taken in cases of suspected plagiarism, and the penalties if you are found guilty. Penalties may include a deduction of marks, failure in the unit, and/or referral to the University Discipline Committee.

STUDENT SUPPORT SERVICES

Macquarie University provides a range of Academic Student Support Services. Details of these services can be accessed at <http://www.student.mq.edu.au>.

ECON203 UNIT DIARY 2010

Week	Lecture Date	Lecture Number	Perloff Chapter	Lecture Topic	Tutorial Topic
1	Feb 21	1	3,4	Introduction, preferences, utility and budget constraints	No tutorials week one
2	Feb 28	2	4	Optimal choice and demand functions	1. Preferences, utility and budget constraints
3	March 7	3 QUIZ 1	5	Consumer welfare	2. Optimal choice and demand functions
4	March 14	4	5	Labour supply, saving	3. Consumer welfare
5	March 21	5	6, 7	Production and cost functions	4. Labour supply, saving
6	March 28	6 QUIZ 2	8,9	Perfect competition, supply and producer welfare	5. Production and cost functions
7	April 4	Test			6. Perfect competition, supply and producer welfare
		Mid Semester Break			
8	April 25	Public Holiday			7. Feedback on test and general revision
9	May 2	7 QUIZ 3	10	General equilibrium	8. General equilibrium
10	May 9	8	11, 13	Imperfect competition	9. Imperfect competition
11	May 16	9	14	Game theory	10. Game theory
12	May 23	10 QUIZ 4	17	Externalities and public goods	11. Externalities and public goods
13	June 30			Revision and problems	

ACADEMIC HONESTY

The nature of scholarly endeavour, dependent as it is on the work of others, binds all members of the University community to abide by the principles of academic honesty. Its fundamental principle is that all staff and students act with integrity in the creation, development, application and use of ideas and information. This means that:

- all academic work claimed as original is the work of the author making the claim
- all academic collaborations are acknowledged
- academic work is not falsified in any way
- when the ideas of others are used, these ideas are acknowledged appropriately.

Further information on the academic honesty can be found in the Macquarie University Academic Honesty Policy at http://www.mq.edu.au/policy/docs/academic_honesty/policy.html

GRADING APPEALS AND FINAL EXAMINATION SCRIPT VIEWING

If, at the conclusion of the unit, you have performed below expectations, and are considering lodging an appeal of grade and/or viewing your final exam script please refer to the following website which provides information about these processes and the cut off dates in the first instance. Please read the instructions provided concerning what constitutes a valid grounds for appeal before appealing your grade.

http://www.businessandconomics.mq.edu.au/for/new_and_current_students/undergraduate/admin_central/grade_appeals.

SPECIAL CONSIDERATION

The University is committed to equity and fairness in all aspects of its learning and teaching. In stating this commitment, the University recognises that there may be circumstances where a student is prevented by unavoidable disruption from performing in accordance with their ability. A special consideration policy exists to support students who experience serious and unavoidable disruption such that they do not reach their usual demonstrated performance level. The policy is available at: http://www.mq.edu.au/policy/docs/special_consideration/procedure.html

IT CONDITIONS OF USE

Access to all student computing facilities within the Faculty of Business and Economics is restricted to authorised coursework for approved units. Student ID cards must be displayed in the locations provided at all times.

Students are expected to act responsibly when utilising University IT facilities. The following regulations apply to the use of computing facilities and online services:

- Accessing inappropriate web sites or downloading inappropriate material is not permitted. Material that is not related to coursework for approved unit is deemed inappropriate.
- Downloading copyright material without permission from the copyright owner is illegal, and strictly prohibited. Students detected undertaking such activities will face disciplinary action, which may result in criminal proceedings.

Non-compliance with these conditions may result in disciplinary action without further notice.

Note: Students must use their Macquarie University email addresses to communicate with staff as it is University policy that the University issued email account is used for official University communication.