MACQUARIE UNIVERSITY
FACULTY OF BUSINESS AND ECONOMICS
UNIT OUTLINE

Year and Semester: 2010, Semester 2
Unit convenor: Joseph Macri

Students in this unit should read this unit outline 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
Welcome to ECON822 Microeconomics. This unit covers the theory of consumer behaviour, the theory of production and costs, market structures, factor markets, market failure and elementary welfare economics. The two courses ECON822 and ECON823 together survey the main ideas and concepts involved in modern economics, and provide students with an understanding of how the economy works, what type of problems economists attempt to solve, and how they set about trying to solve them.

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CONSULTATION TIMES
Consultation times will be announced at the beginning of the course. Students experiencing significant difficulties with any topic in the unit are strongly encouraged to seek assistance immediately. Please note however that staff will only answer emails sent from official Macquarie University email accounts.

You are encouraged to seek help at a time that is convenient to you from a staff member teaching on this unit during their regular consultation hours, or by special appointment... Students experiencing significant difficulties with any topic in the unit must seek assistance immediately.

CLASSES
There are three teaching hours per week throughout the semester. 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. A separate document detailing the tutorial program will be made available to students via Blackboard early in the semester. The timetable for classes can be found on the university web site at: www.timetables.mq.edu.au

Class time: Tuesday 6pm-9pm
Location: W6B320
**Required and Recommended Texts and/or Materials**

**Recommended Text:**


Your textbook will be more than adequate for this unit. Listed below are a series of other texts on microeconomics that you should feel free to consult if you wish. 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. These additional references present the material at a slightly more elementary level than does the prescribed textbook.

**Useful Additional References:**


**Unit Web Page**

The unit uses a Blackboard web page that can be accessed via [www.learn.mq.edu.au](http://www.learn.mq.edu.au).

The lecture slides for each week’s lecture will be posted on the web page, before the lecture. You will find it useful to download the slides prior to the lecture, and bring to them to the lecture. The web page is also used to post important notices from time to time. **You should check this web page regularly.**

If you have any problems accessing this web page you should go to the Online Teaching Facility support web page at [http://online.mq.edu.au/docs/tecinf.html](http://online.mq.edu.au/docs/tecinf.html)
**LEARNING OUTCOMES**

The learning outcomes of this unit are:

1. to have a solid understanding of microeconomic theory and its applications.
2. to explain and apply the scarcity principle, the cost-benefit principle, and the concept of opportunity cost.
3. to critically reflect on the assumptions underpinning the economic way of thinking.
4. be familiar with how microeconomic theory aids decision making in business and government.
5. to understand the different ways in which an economic system can allocate resources.
6. to understand different market structures and its impact on pricing.

**GRADUATE CAPABILITIES**

In addition to the discipline-based learning objectives, all academic programs at Macquarie seek to develop the capabilities the University's graduates will need to develop to address the challenges, and to be effective, engaged participants in their world.

Through these Learning Outcomes, this unit contributes to the development of the following Graduate Capabilities:

<table>
<thead>
<tr>
<th>Learning Objectives</th>
<th>MQ Graduate capabilities which the unit contributes to explicitly</th>
</tr>
</thead>
<tbody>
<tr>
<td>1, 2, 3, 4, 5, 6.</td>
<td>Discipline Specific Knowledge and Skills; Critical Analytical and Integrative Thinking</td>
</tr>
<tr>
<td>1, 2, 3, 4, 5, 6</td>
<td>Problem Solving and Research Capability</td>
</tr>
<tr>
<td>4, 5, 6</td>
<td>Engaged and Ethical Local and Global citizens</td>
</tr>
<tr>
<td>4</td>
<td>Creative, Innovative and capable of Professional Judgement</td>
</tr>
<tr>
<td>1, 2, 3, 4, 5, 6.</td>
<td>Effective Communication</td>
</tr>
<tr>
<td>4, 5, 6.</td>
<td>Socially and Environmentally Active and Responsible</td>
</tr>
</tbody>
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**TEACHING AND LEARNING STRATEGY**

**The lecturer's role:** In the 3-hour weekly class I will present new material in the form of lectures. In the tutorial classes I will guide your attempts to discuss the material set down for discussion. I am happy to answer your questions during and after lectures and tutorials. I will also answer questions during my consultation times and by email.
The student's role: I expect that you will attend all lectures and tutorials. I expect you to read, and strive hard to understand, all the material prescribed. I expect you to prepare for tutorials, and to be prepared to participate actively in tutorial discussion. ECON822 relies heavily on independent learning where students read the relevant chapters, revise lecture notes, understand questions that will be regularly asked in class and extend themselves by doing additional reading, questions, exercises and problems.

Lecture Outline

1. Introduction (Reading: Frank, Chapter 1, 2, 4)
   a. Introduction to Microeconomics. The economic problem and the microeconomic approach; an overview of the price mechanism; reasons for government intervention.
   b. Thinking Like an Economist (Frank, Chapter 1)
   c. Supply and Demand Analysis: The demand and supply functions; applications of supply and demand analysis; price elasticity of demand; income elasticity and cross elasticity of demand.

2. The Theory of Consumer Behaviour (Reading: Frank, Chapters 3&4)
   a. (The Analysis of Demand in More Detail). Cardinal and ordinal utility; choice and constraints; derivation of the consumer's demand curve; applications of indifference curve analysis.

3. The Theory of the Firm/Producer Behaviour (Reading: Chapters 9,10)
   a. Theory of production: the production function and the individual firm theory of costs of production
      i. the short run situation; theory of costs of production:
      ii. the long run situation (Chapter 9, 10)

4. Market Structures (Reading: Chapters 11, 12, 13)
   a. Market structures and the firm's revenue conditions:
      i. short run equilibrium of the firm and industry in perfect competition; long run equilibrium of the firm and industry in perfect competition;
      ii. pure monopoly; applications of the monopoly model;
      iii. monopolistic competition;
      iv. oligopoly;
      v. evaluation of perfect versus imperfect market structures.

5. Factor Markets (Reading: Chapters 14, 15)
   i. Labour and
   ii. Capital
   i. Externalities (Negative and Positive), Public Goods.
   ii. Property Rights.
   iii. Efficiency in Production, Simple Exchange Economy, Gains from Trade.

ASSESSMENT AND LEARNING OUTCOMES

Assessment will be based on the following THREE tasks. Students must satisfactorily complete ALL three tasks to be eligible to pass this unit.

Note: It is a policy of the department of economics that you MUST pass the final exam to be eligible to pass the unit.

<table>
<thead>
<tr>
<th>Assessment</th>
<th>Weighting</th>
<th>Date/Week</th>
<th>Learning Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Practise Class Test</td>
<td></td>
<td>Week 4</td>
<td>1-6</td>
</tr>
<tr>
<td>Class Test 1</td>
<td>20%</td>
<td>Week 6</td>
<td>1-6</td>
</tr>
<tr>
<td>Class Test 2</td>
<td>20%</td>
<td>Week 10</td>
<td>1-6</td>
</tr>
<tr>
<td>Final Examination</td>
<td>60%</td>
<td>Week 13</td>
<td>1-6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Scheduled Lectures)</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td></td>
<td></td>
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Class Test 1 and 2 (40%):

Class tests 1 and 2 will be conducted in the first hour of lectures in Week 4 and 9, respectively, of the scheduled classes. The structure and examinable content will be provided to students in due course. It is important to note that absence from class tests will result in a mark of zero, unless a student’s absence is supported by acceptable documented evidence.

Practise Class Tests:

Students, time permitting, will be asked to answer unseen questions from the previous week’s lecture and reading material. This teaching strategy will enable students to regularly practise questions under ‘mock’ examination conditions. The solutions to these questions will be provided and discussed in class. This objective of this strategy is to provide each student with immediate feedback on their answers with the expectation that this will assist and deepen their understanding on microeconomics.

FINAL EXAMINATION (60%):

A final examination is included as an assessment task for this unit to provide assurance that:
   i) the product belongs to the student and
   ii) the student has attained the knowledge and skills tested in the exam.
A 2 hour final examination for this unit will be held in Week 13 scheduled classes.

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.

The University’s policy on special consideration process is available at http://www.mq.edu.au/policy/docs/special_consideration/policy.html. 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. The Macquarie university examination policy details the principles and conduct of examinations at the University. The policy is available at: http://www.mq.edu.au/policy/docs/examination/policy.htm

**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

**GRADES**

Please refer to relevant Bachelor Degree rule in the Handbook of Undergraduate Studies.

**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.businessandeconomics.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

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.

BESS

The (Faculty of) Business and Economics Student Services is a drop-in centre for students who are taking units in the Faculty of Business and Economics. It is located in Room 106, Building E4B. http://www.businessandeconomics.mq.edu.au/for/new_and_current_students/undergraduate_current_students/bess

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.