

MACQUARIE
UNIVERSITY



FACULTY OF
BUSINESS AND ECONOMICS

ECON822

Microeconomics

Semester 1, 2009

Unit Outline

Department of Economics

You should read this unit outline carefully. 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

This unit offers an intensive analysis of the major topics in microeconomics. The unit covers the theory of consumer behaviour, the theory of production and costs, market structures, factor markets, market failure and elementary welfare economics. The theory is taught in an applied context.

TEACHING STAFF

Dr Michael Dobbie (Unit Convenor), Room E4A416, Phone 98508502, email mdobbie@efs.mq.edu.au (Please use this email address. Please do not email me via my Blackboard email address.)

Consultation hours will be published on the unit web page.

UNIT WEB PAGE

The unit uses a Blackboard web page that can be accessed via 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 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 the Online Teaching Facility support web page at <http://online.mq.edu.au/docs/teconf.html>

CLASSES

There are three teaching hours per week throughout the semester. The bulk of this time will be devoted to lectures but some time will be set aside for tutorial sessions. These tutorials will be held during the normal class time and in the normal class venue. A separate document detailing the tutorial program will be made available to students via Blackboard early in the semester.

Class time and location: Wednesday: 6PM to 9PM in X5B134

The timetable for classes can be found on the university web site at: www.timetables.mq.edu.au

LEARNING OBJECTIVES AND OUTCOMES

After successfully completing this unit, you will:

- have a solid understanding of microeconomic theory
- be familiar with how microeconomic theory aids decision making in business and government
- be able to continue any future studies in economics with increased confidence

All academic programs at Macquarie seek to develop students' generic skills in a range of areas. One aim of this unit is that you will develop your skills in problem solving, critical thinking and creativity.

REQUIRED AND RECOMMENDED TEXTS AND/OR MATERIALS

Recommended Text

Perloff, J. M., *Microeconomics*, Pearson Education, Sydney, 5th edition, 2008.

The Co-op bookstore has this book and it is recommended that students purchase a copy. A copy of this book has also been placed in the reserve section of the Library.

Additional References

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. As such you should not rely on these books to the exclusion of the designated textbook by Perloff. You should use these additional references, if you wish, to assist you in understanding your textbook. These books have also been placed in the reserve section of the library.

Swann, M. and McEachern, W.A., *Microeconomics: A Contemporary Introduction*, Thomson, Australia, 3rd edition, 2006.

McTaggart, D., Findlay, C. and Parkin., M., *Microeconomics*, Pearson Education, Sydney. 4th edition, 2006.

Frank, R., Jennings, S. and Bernanke, B. *Principles of Microeconomics*, McGraw Hill, Australia, 2nd edition, 2009.

Gans, J., King, S. and Mankiw, G., *Principles of Microeconomics*, Cengage Learning, Australia, 4th edition, 2009.

ASSESSMENT AND ITS RELATION TO LEARNING OUTCOMES

Assessment will be based on the following THREE activities. Students must satisfactorily complete ALL three activities to be eligible to pass this unit. In particular, it is a policy of the department of economics that you MUST pass the final exam to be eligible to pass the unit.

ACTIVITY 1: WITHIN-SEMESTER MULTIPLE CHOICE EXAM (20%)

The Exam will be held in class during the normal lecture time. The exam will be held on **Wednesday April 8**. The exam will go for approximately 40 minutes and will contain 20 multiple choice questions. The questions will be drawn from material covered in the unit (lectures, tutorials and readings) up to and including Lecture (Week) 5. The questions will test your knowledge of basic economic concepts as well as your ability to use those concepts to solve economic problems.

ACTIVITY 2: ASSIGNMENT (20%)

Your assignment is due no later than **6.00pm** on **Wednesday May 13**. Assignments are to be placed in the Econ822 box in BESS (Business and Economic Student

Services), located in E4B106. A copy of your assignment should be retained. The assignment will be covered in a separate document that will be distributed via Blackboard early in the semester. The assignment will have an emphasis on testing your ability to use economic theory to solve economic problems.

ACTIVITY 3: FINAL EXAMINATION (60%)

End of unit two hour written examination, to be taken during the end of semester examination period. The examination will cover material drawn from all parts of the unit's subject matter. The final exam will give you the opportunity to demonstrate your knowledge of basic economic concepts, the economic way of thinking and to use this knowledge to solve economic problems.

TEACHING AND LEARNING STRATEGIES

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 on the reading list. I expect you to prepare for tutorials, and to be prepared to participate actively in tutorial discussion. I also expect that you will make a good attempt at the assignment, within semester test and final exam.

EXAMINATIONS – GENERAL INFORMATION

The University Examination period for **semester one 2009 is 10 June to 26 June.**

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

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 this is given at www.reg.mq.edu.au/Forms/APSCon.pdf .

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.

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, that is, the final day of the official examination period.

PLAGIARISM – IMPORTANT NOTES

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: 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.

UNIVERSITY POLICY ON GRADING

Academic Senate has a set of guidelines on the distribution of grades across the range from fail to high distinction. Your final result will include one of these grades plus a standardised numerical grade (SNG). On occasion your raw mark for a unit (i.e., the total of your marks for each assessment item) may not be the same as the SNG which you receive. Under the Senate guidelines, results may be scaled to ensure that there is a degree of comparability across the university, so that units with the same past performances of their students should achieve similar results.

It is important that you realise that the policy does not require that a minimum number of students are to be failed in any unit. In fact it does something like the opposite, in requiring examiners to explain their actions if more than 20% of students fail in a unit. The process of scaling does not change the order of marks among students. A student who receives a higher raw mark than another will also receive a higher final scaled mark.

For an explanation of the policy see

www.mq.edu.au/senate/MQUonly/Issues/Guidelines2003.doc or
www.mq.edu.au/senate/MQUonly/Issues/detailedguidelines.doc.

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>. For students taking units in the Faculty of Business and Economics, the Business and Economics Students Services (BESS) is in E4B106. BESS contains a large amount of resources to help you. The web page for BESS is

<http://businessandeconomics.mq.edu.au/current/undergraduate/bess>

Lectures and Readings

LECTURE (WEEK) 1:

Topic: Introduction to Microeconomics. The Supply and Demand Model.

Readings:

Perloff, J, M. Chapters 1 and 2

LECTURE (WEEK) 2:

Topic: Applying the Supply and Demand Model.

Readings:

Perloff, J, M. Chapter 3 (feel free to ignore section 4.5 on Behavioural Economics)

LECTURES (WEEKS) 3 and 4:

Topic: Consumer Choice. Applying Consumer Theory.

Readings:

Perloff, J, M. Chapters 4 and 5 (you only need to read pages 111-127)

LECTURES (WEEKS) 5 and 6:

Topic: Firms and Production. Costs.

Readings:

Perloff, J, M. Chapters 6 and 7

LECTURES (WEEKS) 7, 8 and 9:

Topic: Competitive Firms and Markets. Applying the Competitive Model. Monopoly. Pricing and Advertising. Oligopoly and Monopolistic Competition. Game Theory.

Readings:

Perloff, J, M. Chapters 8, 9, 11 (feel free to ignore pages 381-383), 12, 13 and 14.

LECTURE (WEEK) 10:

Topic: Factor Markets. Market Failure Part 1: Public Goods and Externalities

Readings:

Perloff, J, M. Chapters 15 (feel free to ignore section 15.4) and 18

LECTURES (WEEKS) 11 and 12:

Topic: Market Failure Part 2: Asymmetric Information and Moral Hazard

Readings:

Perloff, J, M. Chapters 19 and 20

LECTURE (WEEK) 13:

Topic: General Equilibrium and Economic Welfare

Readings:

Perloff, J, M. Chapter 10