



# ECON203

## Microeconomic Analysis

S3 Day 2015

*Dept of Economics*

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## General Information

Unit convenor and teaching staff

Unit convenor & Lecturer

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E4A 429

TBA

Tutor

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Credit points

3

Prerequisites

15cp including ECON111 and (GPA of 2.0 (out of 4.0) or (admission to BAppFin or BActStud or BBA or BBusAnalytics or BBusLeadCom or BCom or BCom-Accg or BCom-ProfAccg or BEc or BGlobalBus or BMktgMedia))

Corequisites

Co-badged status

Unit description

This is an intermediate-level unit in theoretical and applied microeconomics. Topics include: consumer choice and the theory of demand; consumer welfare measurement; labour supply; intertemporal consumption; choice under uncertainty; theory of the firm; production and cost theory; profit maximisation; perfect competition; monopoly; oligopoly; game theory; and general equilibrium.

## Important Academic Dates

Information about important academic dates including deadlines for withdrawing from units are available at <https://www.mq.edu.au/study/calendar-of-dates>

## Learning Outcomes

On successful completion of this unit, you will be able to:

Understand how microeconomic theory aids decision-making by individuals, business and government.

Elaborate analytical skills relevant to the assessment of different theories and models of

microeconomics.

Develop the insights and tools necessary for the study of more specialized areas in economics such as finance, actuarial studies, labour economics, health economics, industrial organization and public economics.

Comprehend the generic process of microeconomic analysis focusing 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 evaluate alternative economic outcomes in terms of their normatively defined welfare economic properties (efficiency and equity).

Apply microeconomic principles to solve complicated problems, and apply the major theories and modules of microeconomics.

## Assessment Tasks

Name	Weighting	Due
<u>Tutorial</u>	10%	Each tutorial
<u>Class Test</u>	20%	Thursday 07/01/16
<u>Online Quizzes</u>	10%	Weekly
<u>Assignment</u>	10%	Monday 18/01/16
<u>Final Examination</u>	50%	University Examination Period

### Tutorial

Due: **Each tutorial**

Weighting: **10%**

Tutorials constitute a critical learning experience of this unit, within which the tutor will facilitate a highly student-centred discussion of answers to pre-set questions. A tutorial is also an active forum to present to the tutor difficulties you may have encountered when preparing for the questions. Students are required to participate in tutorial classes and submit homework in order to earn 10% of the unit mark.

Tutorial assessment includes two components: Homework (5%) and Participation (5%).

1. By "Homework", students are required to attempt tutorial questions before each class and submit the answers to the tutor. You will be awarded the entire 5% if you submit homework for all tutorial classes (8 in total). For each submission less than 8, 1% is deducted from the 5% allocated for homework (i.e, if you make 7 submissions, you will be awarded 4%; if you make 3 or fewer submissions you will not receive any marks for

this component). To make each submission count: (i) you must attempt at least 2 questions. (Note that it does not matter if your answer is right or wrong, your attempt is what counts); (ii) your answer must be written on a piece of paper with your name and student ID on it, and submit it to your tutor at the beginning of the class.

2. By "Participation", we will assess how active you are in the class, such as how often you answer your tutor's question, and/or ask her a question. Based on your activity throughout the whole session, you will be awarded the whole 5% or a part thereof. It is your responsibility to get engaged in the tutorial class, that means if you prefer to sit back and just listen, you may receive 0% for this component. (Note that: there is no mark for attendance only.)

Altogether tutorial homework and participation will contribute 10% to your final mark in this unit.

If you are unable to attend a class due to illness or misadventure, you must present a case for Disruption to Studies (see the *Policies and Procedures* section for details).

**Most of the tutorial questions are from the textbook. Tutorial solutions will be made available on iLearn at the end of each week.**

On successful completion you will be able to:

- Understand how microeconomic theory aids decision-making by individuals, business and government.
- Elaborate analytical skills relevant to the assessment of different theories and models of microeconomics.
- Comprehend the generic process of microeconomic analysis focusing 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 evaluate alternative economic outcomes in terms of their normatively defined welfare economic properties (efficiency and equity).
- Apply microeconomic principles to solve complicated problems, and apply the major theories and modules of microeconomics.

## Class Test

Due: **Thursday 07/01/16**

Weighting: **20%**

A 90-minute test (including multiple choice questions and written-answer questions) will be **held in place of the lecture on Thursday 07/01/16**. This test is an indication of the form of the final examination. The test will **cover chapters 3 to 7**.

Failure to attend the class test without the submission of an application for Disruption to Studies

on the grounds of illness or unavoidable mishap together with the required supporting documentation (see the *Policies and Procedures* section for details) will result in a mark of **zero** for the assessment.

If the application for Disruption to Studies is accepted, the student will have to take a supplementary test which could be an oral test.

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- Elaborate analytical skills relevant to the assessment of different theories and models of microeconomics.
- Comprehend the generic process of microeconomic analysis focusing 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 evaluate alternative economic outcomes in terms of their normatively defined welfare economic properties (efficiency and equity).

## Online Quizzes

Due: **Weekly**

Weighting: **10%**

There will be 4 online quizzes in this course, and each containing 20 multiple choice questions. Each quiz is worth 2.5%. Each student will most likely face a slightly different set of questions. The quizzes will be accessed online through the unit web page at <http://ilearn.mq.edu.au>.

The schedule and the coverage for each quiz are as follows:

1. Quiz 1: Covering Chapters 2, 3 and 4 (You are required to read Chapter 2 on your own in the textbook for this Quiz). Opens 9am Friday 11/12/15 and closes 11pm Sunday 13/12/15.
2. Quiz 2: Covering Chapters 5 and 6. Opens 9am Friday 18/12/15 and closes 11pm Sunday 20/12/15.
3. Quiz 3: Covering Chapters 7 and 8. Opens 9am Friday 08/01/16 and closes 11pm Sunday 10/01/16.
4. Quiz 4: Covering Chapters 9, 10, 11, 12, 13 & 14. Opens 9am Friday 22/01/16 and closes 11pm Sunday 24/01/16.

**Make sure you read the "Instruction for Online Quizzes" carefully before attempting each quiz.**

On successful completion you will be able to:

- Elaborate analytical skills relevant to the assessment of different theories and models of microeconomics.
- Comprehend the generic process of microeconomic analysis focusing 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 evaluate alternative economic outcomes in terms of their normatively defined welfare economic properties (efficiency and equity).

## Assignment

Due: **Monday 18/01/16**

Weighting: **10%**

This assignment will assess students' ability to apply microeconomic principles to explain and analyze real-world problems. Students will be given a set of reading articles (mainly up-to-date news articles) and use the information from the articles to answer the questions. The assignment will cover all topics up to the topic before the submission date.

Each assignment must represent the student's own work. In particular, this means that the written answers submitted by the student should be composed by that student. Copying of another student's answer or from textbooks, or getting someone else (with or without payment) to do the assignment for you, or part thereof, is clearly regarded as plagiarism. Cases of plagiarism will be dealt with severely. For further information on plagiarism and how to avoid it, please refer to the university policy about academic honesty and integrity.

Assignments must be submitted in the lecture class on Monday 18/01/16. Late submission will be accepted up to 72 hours after the submission deadline. There will be a deduction of 20% of the total available marks for each 24 hour period, or part thereof, that the submission is late (for example, 25 hours late in submission means a 40% penalty). This penalty does not apply for cases in which an application for Disruption to Studies is made and approved. Failure to submit the assignment will result in a mark of zero.

On successful completion you will be able to:

- Understand how microeconomic theory aids decision-making by individuals, business and government.
- Elaborate analytical skills relevant to the assessment of different theories and models of microeconomics.
- Develop the insights and tools necessary for the study of more specialized areas in economics such as finance, actuarial studies, labour economics, health economics, industrial organization and public economics.
- Comprehend the generic process of microeconomic analysis focusing 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 evaluate alternative economic outcomes in terms of their normatively defined welfare economic properties (efficiency and equity).

- Apply microeconomic principles to solve complicated problems, and apply the major theories and modules of microeconomics.

## Final Examination

Due: **University Examination Period**

Weighting: **50%**

A 2 hour final examination for this unit will be held during the University Examination period. For details check: <http://www.timetables.mq.edu.au/exam>. The examination will contain multiple choice questions and written-answer questions.

The conditions for the requesting and granting of Disruption to Studies are set out in the Policies and Procedures section of this Unit Guide. If a Supplementary Examination is granted as a result of the Disruption to Studies 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, the final day of the official examination period. Also, although the material coverage for the Supplementary exam would be the same as the final exam, **it will include ALL written answers questions (NO multiple choice questions).**

On successful completion you will be able to:

- Understand how microeconomic theory aids decision-making by individuals, business and government.
- Elaborate analytical skills relevant to the assessment of different theories and models of microeconomics.
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- Comprehend the generic process of microeconomic analysis focusing 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 evaluate alternative economic outcomes in terms of their normatively defined welfare economic properties (efficiency and equity).
- Apply microeconomic principles to solve complicated problems, and apply the major theories and modules of microeconomics.

## Delivery and Resources

### Classes

This is an intensive 5-week course, with several lecture and tutorial classes per week. The timetable for lectures and tutorials can be found on the University web site at: <http://www.timetables.mq.edu.au>.

Lecture slides will be available on the unit web page at <http://ilearn.mq.edu.au>. Please consult the Unit Schedule for precise details of the currently scheduled lecture topics 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 on the unit web page.

Attendance is highly recommended. Students who miss classes put themselves at a considerable disadvantage for several reasons, including:

1. Not all material in the required text is covered in the unit, and not all the unit material is covered in the required text. In some places the text deals with issues in greater depth than is necessary for the unit, and in other places it does not go far enough. The lectures contain all the unit material taught at the level that is required for successful completion of tutorial exercises, and they are your guide to the content of the unit.
2. In some of the tutorials you will learn the techniques to solve quantitative problems, while lectures may not deal with all of these techniques, however, deal mainly with the underlying theory and some problem-solving questions which may not be covered in the tutorials.
3. The lectures will include **significant guidance** about the style and content of the final exam and recommendation about the study techniques.
4. It is difficult and often impossible for the lecturer 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 and/or Materials

#### Required Textbook

**Besanko D. and Braeutigam R.R. (2014) Microeconomics (5th Ed), Wiley** (Mentioned elsewhere as the textbook)

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

#### Supplementary General Texts

You may find other intermediate microeconomic texts useful:



Pindyck R.S. and Rubinfeld D.L. (2013), Microeconomics (8th Ed), Pearson International Edition.

Nechyba, T.J. (2011), Microeconomics: An Intuitive Approach with Calculus (1st Ed), South-Western.

Perloff, J.M, R. Smith, and D. Round (2014), Microeconomics, Pearson.

Varian, H.R. (2014), Intermediate Microeconomics: A Modern Approach (9th Ed), New York: Norton.

Frank, R.H. (2010), Microeconomics and Behaviour (8th Ed), Boston: McGraw-Hill.

## Mathematical detail

Henderson, J.M and E. Quandt (1980), Microeconomic Theory: A Mathematical Approach. McGrawHill

Dowling, E.T. (1980), Introduction to Mathematical Economics (2nd ed), Schaum's Outline Seriesm McGrawHill.

## Unit Schedule

Date	Lecture Meeting	Chapter/Topic	Tutorial meeting
Monday, 07/12/15	01. 9-11am, W5C 220	Chapter 3: Consumer preference and Utility	Note: You need to attend your registered tutorial class.
Thursday, 10/12/15	02. 9-11am, W6B 336	Chapter 4: Consumer Choice	
			01. Consumer preference
		Quiz 1: Opens 9am Friday 11/12/15 and closes 11pm Sunday 13/12/15.	
Monday, 14/12/15	03. 9-11am, W5C 220	Chapter 5: Demand Theory	
			02. Consumer choice
Thursday, 17/12/15	04. 9-11am, W6B 336	Chapter 6: Inputs and Production Functions	
	12-1pm, W5C 220	Chapter 6 (cont)	
		Quiz 2: Opens 9am Friday 18/12/15 and closes 11pm Sunday 20/12/15.	
		<b>Session break</b>	
Monday, 04/01/16	05. 9-11am, W5C 220	Chapter 7: Costs and Cost Minimization	
			03. Demand theory and Production function

Thursday, 07/01/16	9-11am, W6B 336	In-class test	
	06. 12-1pm, W5C 220	Chapter 8: Cost Curves	
			04. Costs and Cost minimization
		Quiz 3: Opens 9am Friday 08/01/16 and closes 11pm Sunday 10/01/16.	
Monday, 11/ 01/16	07. 9-11am, W5C 220	Chapter 9: Perfectly Competitive market	
			05. Cost curves
		Assignment question paper released: Covering Chapter 3 to Chapter 11.	
Thursday, 14/01/16	08. 9-11am, W6B 336	Chapter 10: Competitive market: Application	
	09. 12-1pm, W5C 220	Chapter 11: Monopoly	
			06. Perfect competition
Monday, 18/ 01/16	10. 9-11am, W5C 220	Chapter 12: Capturing surplus	
			07. Application of perfect competition and Monopoly
		Assignment submission: In the lecture class	
Thursday, 21/01/16	11. 9-11am, W6B 336	Chapter 13: Market structure and Competition	
	12. 12-1pm, W5C 220	Chapter 14: Game theory and strategic behavior	
			08. Capturing surplus
	13. 4-6pm, W5C 220	Revision lecture + extra practice questions on market structure and game theory.	
		Quiz 4: Opens 9am Friday 22/01/16 and closes 11pm Sunday 24/01/16.	

## Learning and Teaching Activities

### Lectures - large group learning

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 in the textbook before each lecture.

## Learning by doing

ECON203 relies heavily on independent learning where students read the relevant chapters in the textbook, revise the lecture notes, prepare answers to the pre-set tutorial questions, and extend themselves by doing additional reading, questions, exercises, problems.

## Tutorials - small group learning

Tutorials constitute a critical learning experience of this unit and students should attend them. The tutor will facilitate a highly student-centred discussion of pre-set tutorial questions. A tutorial is also an active forum to present to the tutor difficulties you encountered when preparing for the tutorial questions. Ask your tutor questions and further guidance on how to approach questions. Students are expected to attempt the tutorial questions before each tutorial.

## Policies and Procedures

Macquarie University policies and procedures are accessible from [Policy Central](#). Students should be aware of the following policies in particular with regard to Learning and Teaching:

Academic Honesty Policy [http://mq.edu.au/policy/docs/academic\\_honesty/policy.html](http://mq.edu.au/policy/docs/academic_honesty/policy.html)

Assessment Policy <http://mq.edu.au/policy/docs/assessment/policy.html>

Grading Policy <http://mq.edu.au/policy/docs/grading/policy.html>

Grade Appeal Policy <http://mq.edu.au/policy/docs/gradeappeal/policy.html>

Grievance Management Policy [http://mq.edu.au/policy/docs/grievance\\_management/policy.html](http://mq.edu.au/policy/docs/grievance_management/policy.html)

Disruption to Studies Policy [http://www.mq.edu.au/policy/docs/disruption\\_studies/policy.html](http://www.mq.edu.au/policy/docs/disruption_studies/policy.html) *The Disruption to Studies Policy is effective from March 3 2014 and replaces the Special Consideration Policy.*

In addition, a number of other policies can be found in the [Learning and Teaching Category](#) of Policy Central.

## Student Code of Conduct

Macquarie University students have a responsibility to be familiar with the Student Code of Conduct: [https://students.mq.edu.au/support/student\\_conduct/](https://students.mq.edu.au/support/student_conduct/)

## Results

Results shown in *iLearn*, or released directly by your Unit Convenor, are not confirmed as they are subject to final approval by the University. Once approved, final results will be sent to your student email address and will be made available in [eStudent](#). For more information visit [ask.mq.edu.au](http://ask.mq.edu.au).

## Student Support

Macquarie University provides a range of support services for students. For details, visit <http://students.mq.edu.au/support/>

## Learning Skills

Learning Skills ([mq.edu.au/learningskills](http://mq.edu.au/learningskills)) provides academic writing resources and study strategies to improve your marks and take control of your study.

- [Workshops](#)
- [StudyWise](#)
- [Academic Integrity Module for Students](#)
- [Ask a Learning Adviser](#)

## Student Services and Support

Students with a disability are encouraged to contact the [Disability Service](#) who can provide appropriate help with any issues that arise during their studies.

## Student Enquiries

For all student enquiries, visit Student Connect at [ask.mq.edu.au](http://ask.mq.edu.au)

## IT Help

For help with University computer systems and technology, visit <http://informatics.mq.edu.au/help/>.

When using the University's IT, you must adhere to the [Acceptable Use Policy](#). The policy applies to all who connect to the MQ network including students.

## Graduate Capabilities

### Discipline Specific Knowledge and Skills

Our graduates will take with them the intellectual development, depth and breadth of knowledge, scholarly understanding, and specific subject content in their chosen fields to make them competent and confident in their subject or profession. They will be able to demonstrate, where relevant, professional technical competence and meet professional standards. They will be able to articulate the structure of knowledge of their discipline, be able to adapt discipline-specific knowledge to novel situations, and be able to contribute from their discipline to inter-disciplinary solutions to problems.

This graduate capability is supported by:

### Learning outcomes

- Understand how microeconomic theory aids decision-making by individuals, business and government.
- Elaborate analytical skills relevant to the assessment of different theories and models of microeconomics.
- Develop the insights and tools necessary for the study of more specialized areas in

economics such as finance, actuarial studies, labour economics, health economics, industrial organization and public economics.

- Comprehend the generic process of microeconomic analysis focusing 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 evaluate alternative economic outcomes in terms of their normatively defined welfare economic properties (efficiency and equity).
- Apply microeconomic principles to solve complicated problems, and apply the major theories and modules of microeconomics.

## **Assessment tasks**

- Tutorial
- Class Test
- Online Quizzes
- Final Examination

## **Critical, Analytical and Integrative Thinking**

We want our graduates to be capable of reasoning, questioning and analysing, and to integrate and synthesise learning and knowledge from a range of sources and environments; to be able to critique constraints, assumptions and limitations; to be able to think independently and systemically in relation to scholarly activity, in the workplace, and in the world. We want them to have a level of scientific and information technology literacy.

This graduate capability is supported by:

## **Learning outcomes**

- Understand how microeconomic theory aids decision-making by individuals, business and government.
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theories and modules of microeconomics.

## Assessment tasks

- Tutorial
- Class Test
- Online Quizzes
- Assignment
- Final Examination

## Problem Solving and Research Capability

Our graduates should be capable of researching; of analysing, and interpreting and assessing data and information in various forms; of drawing connections across fields of knowledge; and they should be able to relate their knowledge to complex situations at work or in the world, in order to diagnose and solve problems. We want them to have the confidence to take the initiative in doing so, within an awareness of their own limitations.

This graduate capability is supported by:

## Learning outcomes

- Elaborate analytical skills relevant to the assessment of different theories and models of microeconomics.
- Comprehend the generic process of microeconomic analysis focusing 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 evaluate alternative economic outcomes in terms of their normatively defined welfare economic properties (efficiency and equity).
- Apply microeconomic principles to solve complicated problems, and apply the major theories and modules of microeconomics.

## Assessment tasks

- Class Test
- Assignment
- Final Examination

## Effective Communication

We want to develop in our students the ability to communicate and convey their views in forms effective with different audiences. We want our graduates to take with them the capability to read, listen, question, gather and evaluate information resources in a variety of formats, assess, write clearly, speak effectively, and to use visual communication and communication technologies as appropriate.

This graduate capability is supported by:

## **Assessment tasks**

- Tutorial
- Class Test
- Final Examination