



# ECON203

## Microeconomic Analysis

S1 Day 2017

*Dept of Economics*

### Contents

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<u>General Information</u>	2
<u>Learning Outcomes</u>	3
<u>Assessment Tasks</u>	3
<u>Delivery and Resources</u>	7
<u>Unit Schedule</u>	9
<u>Learning and Teaching Activities</u>	9
<u>Policies and Procedures</u>	10
<u>Graduate Capabilities</u>	11

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## General Information

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Credit points

3

Prerequisites

15cp at 100 level or above including ECON111

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	Hurdle	Due
<a href="#">Tutorial</a>	10%	No	Each week
<a href="#">Online Quizzes</a>	15%	No	Weeks 3, 6, 9, 12
<a href="#">Class Test</a>	25%	No	Week 7
<a href="#">Final Examination</a>	50%	No	University Examination Period

## Tutorial

Due: **Each week**

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 at least 8 tutorial classes (out of 11 in total). For each submission less than 8, 1% will be deducted from the 5% allocated for homework (i.e, if you make 7 submissions, you will be awarded 4%; 6 submissions 3% and so on. 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 to be counted); (ii) your answer must be written and your tutor will check it at the beginning of the class each week.
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 him/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 may apply for Disruption to Studies (see the *Policies and Procedures* section for details). And if you get approval, you will be required to submit an alternative written assessment.

*Facts you may need to know:*

*(i) Even though tutorial solutions will be made available on iLearn at the end of each week, those are mere guide only and tutors explain them in details during the tutorials. Thus do NOT rely only on the published solution for understanding, rather attend the tutorials.*

*(ii) Statistics show that among those who failed, 50% of them got zero in tutorial assessment. That means had they participated during the tutorials and submitted homework regularly, they would have passed the unit.*

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.

## Online Quizzes

Due: **Weeks 3, 6, 9, 12**

Weighting: **15%**

There will be 4 online quizzes in this course, and each containing 25 multiple choice questions. They are of equal weight and together they will contribute 15% to your total mark in the unit. 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 opening and closing dates and time for each quiz. are as follow:

Quiz 1: Open: 9am Saturday 18 March; and Close: 11pm Monday 20 March.

Quiz 2: Open: 9am Saturday 8 April; and Close: 11pm Monday 10 April.

Quiz 1: Open: 9am Saturday 13 May; and Close: 11pm Monday 15 May.

Quiz 1: Open: 9am Saturday 03 June; and Close: 11pm Monday 05 June.

Please note that no extensions will be granted. Failure to complete any quiz will result in a zero mark for that quiz. The penalty does not apply for cases in which an application for disruption to studies is made and approved. In this case, students will have to complete an alternative quiz.

Students must be aware that IT failures may 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.

Read the "Instruction for Online Quizzes" carefully before attempting.

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.

## Class Test

Due: **Week 7**

Weighting: **25%**

A 90-minute test (including multiple choice questions and written-answer questions) will be **held in place of the lectures in Week 7**. This test is an indication of the form of the final examination.

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 or could include only written-answer 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.
- 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).

## 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.
- 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.

## Delivery and Resources

### Classes

This unit provides 3 hours face-to-face teaching per week. It consists of two-hour lectures and one-hour tutorials (there are NO tutorials in the first week of semester and in Week 7 due to the class test). 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 the lecture topics in each week. 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 Series McGrawHill.



## Unit Schedule

1. There are 12 topics to be covered over the 13-week semester (there will be NO lecture in Week 6 due to the class test). Some topics are longer than others, thus the numbering of topics below is tentative and not related to the number of lecture weeks.

2. It is essential that students either attend the lecture class or watch the iletecture for each topic on a weekly basis.

Lecture Topic	Textbook's Chapter	Tutorial
Topic 1: Consumer preference and Utility	Chapter 3	<b>Tutorial begins in Week 2</b>  Note: You need to attend your registered tutorial class.
Topic 2: Consumer Choice	Chapter 4	01. Consumer preference
Topic 3: Demand Theory	Chapter 5	02. Consumer choice
Topic 4: Inputs and Production Functions	Chapter 6	03. Demand theory
Topic 5: Costs and cost minimization	Chapter 7	04. Production
Topic 6: Cost Curves	Chapter 8	05. Costs and Cost minimization
Topic 7: Market structures: Perfect Competition, Monopoly, and Monopolistic Competition	Chapters 9, 11 & 13 (partly)	06. Cost curves
Topic 8: Producer and Consumer Surplus and Their Applications	Chapter 10, 11 & 13 (partly)	07. Market structures
Topic 9: Price discrimination and capturing surplus	Chapter 12	08. Producer and Consumer Surplus and Their Applications
Topic 10: Oligopoly	Chapter 13	09. Price discrimination
Topic 11: Game theory and strategic behavior	Chapter 14	10. Oligopoly
Topic 12: Externalities and Public goods	Chapter 17	11. Game theory

## 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\\_2016.html](http://mq.edu.au/policy/docs/assessment/policy_2016.html)

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

Complaint Management Procedure for Students and Members of the Public [http://www.mq.edu.au/policy/docs/complaint\\_management/procedure.html](http://www.mq.edu.au/policy/docs/complaint_management/procedure.html)

Disruption to Studies Policy (in effect until Dec 4th, 2017): [http://www.mq.edu.au/policy/docs/disruption\\_studies/policy.html](http://www.mq.edu.au/policy/docs/disruption_studies/policy.html)

Special Consideration Policy (in effect from Dec 4th, 2017): <https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policies/special-consideration>

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://www.mq.edu.au/about\\_us/offices\\_and\\_units/information\\_technology/help/](http://www.mq.edu.au/about_us/offices_and_units/information_technology/help/).

When using the University's IT, you must adhere to the [Acceptable Use of IT Resources 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
- Online Quizzes
- Class Test
- 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.
- 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.
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- Apply microeconomic principles to solve complicated problems, and apply the major theories and modules of microeconomics.

## **Assessment tasks**

- Class Test

- 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
- 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:

### Learning outcomes

- 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
- Final Examination