ECON 1101
Microeconomics 1

SESSION 2, 2005

Lecturer-in-Charge

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Website
www.WebCT.unsw.edu.au
ABOUT THE COURSE

In this course, you will learn the fundamental principles that economists use to understand and analyse economic behaviour. This core set of economic principles have been used by economists to explain a variety of important economic problems and issues: how individuals or firms make decisions about the demand or supply of a product, how to judge the efficiency of markets, how to explain why governments may need to intervene in the economy and what the consequences of government intervention are.

During the semester we will repeatedly emphasise principles rather than facts. As a result the subject may look somewhat abstract, and you may be caught thinking “That may be fine in theory, but...” However, if it doesn’t even work approximately in practice, then it can’t be good theory! The reason why economics has acquired such a central position in both public and corporate decision-making is that, to an extent rarely matched in the social sciences, the theory does work. A special feature of this course, which owes heavily to the textbook we use, is that we are alerted regularly to failures of the theory as well.

It is because the theory is general and has wide application that an understanding of economic principles is useful—not only for students who intend to major in economics, but also for those who intend to major in a wide range of other disciplines, such as accounting or finance, law or management, and even science and engineering. Students who do well in economics will often find the range of options for their further studies and future career greatly enhanced and broadened.

COURSE OBJECTIVES

After studying ECON 1101, students should:

· Be familiar with a core set of economic concepts and principles that are important for sound economic reasoning and understanding;
· Be able to apply this core set of economic concepts and principles to the understanding of a wide range of economic problems and issues.

On completion of the course, students should be able to:

· Be familiar with a core set of economic concepts and principles that are important for sound economic reasoning and understanding;
· Be able to apply this core set of economic concepts and principles to the understanding of a wide range of economic problems and issues.
· Demonstrate an understanding of economic concepts and their appropriate usage
· Construct economic arguments in terms of these concepts, and present logical economic arguments in both written and oral form
· Apply simple economic models to the analysis of relevant economic issues.

The course aims to provide benefits to students in terms of:

· The ability to use economic principles in ‘rational’ decision-making;
· An understanding of the different market environments in which management, social, and individual business decisions must be made;
· An understanding of justifications for, and likely effects of, Government microeconomic policy
TEACHING AND LEARNING STRATEGIES

The examinable content of the course is defined by the Text references given in the Lecture Schedule, the content of Lectures, and the content of the Tutorial Program.

Lectures
The purpose of Lectures is to provide a logical structure for the topics that make up the course; to emphasise the important concepts and methods of each topic, and to provide relevant examples to which the concepts and methods are applied.

Tutorials
The purpose of tutorial meetings is primarily to provide an opportunity for small group discussion of issues to which economic concepts and methods can be applied, and to provide practice and feed-back in writing short essays addressing specific questions. (The Discussion Questions).

A Tutorial Program of Discussion Questions and Review Questions is provided for tutorial meetings.

The Review Questions consist of selected end-of-chapter problems from the textbook and other problems and exercises. Students should attempt each set of weekly exercises and check the solutions on the course website, prior to each tutorial. If time permits, tutorials may also provide an opportunity for assistance with those Review Questions that provide difficulties for students.

TEXTBOOK


Students must have a copy of the text. The Study Guide to the text contains additional material, and some students may find it useful. However, students are not required to purchase the Study Guide and it will not be discussed in class.

Other useful texts: The library holds a wide range of textbooks covering the microeconomic principles subject. While the text set for this course should cover all of your requirements, should you feel a need to supplement this with additional readings, you can always consult these additional textbooks. A sample of useful texts are (with the Library Call Number shown in brackets):


WEBSITE

The *website* for this course can be found among others of your courses at:

http://www.WebCT.unsw.edu.au

All relevant announcements will be posted on the website, and it is the student’s responsibility to be aware of such postings. Students should access this website at least once a week as it contains important information about the course. A WebCT tutorial can also be found at this site.

The textbook website contains additional academic material and exercises which students may find useful:

http://www.mhhe.com/economics/frankbernanke2/

HOW TO STUDY FOR THIS COURSE

1. Go to the *lecture* to see and hear what the lecturer may emphasise as the most important or difficult concepts and ideas in each particular topic.
2. Work through the *examples* given in the lecture and/or the text book to see if you understand these concepts adequately.
3. Try out the *exercises* in the text (which have solutions at the end of each chapter) to test out your understanding.

If you have any problems associated with steps 1-3 above, discuss these with your friends and raise these problems in your tutorial class.

4. *Tutorial Exercises*: these are designed to further broaden and deepen your understanding of each particular topic. To do well in the course, you need to understand each particular topic or principle well enough to be able to *use* it and *apply* it to different situations. It is not enough just to recognise what the basic concepts or principles are. These skills cannot be developed through rote learning, but rather through experience and repeated exercises. Tutorials are a means for you to acquire and practise these skills.

ASSESSMENT

Assessment components in this course will consist of the following:

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tutorial Participation</td>
<td>10%</td>
<td>(week 5 in tutorial)</td>
</tr>
<tr>
<td>Mid-Session Examination</td>
<td>30%</td>
<td>(Friday of week 8)</td>
</tr>
<tr>
<td>Final Examination</td>
<td>60%</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

Note: marks may be scaled.

*Mid-session Examination*: will be held during **WEEK 8** on **Friday the 16th of September**. The locations and time of the examination will be announced in lectures and tutorials in the week preceding the exam, and will also be posted on the course website. This *multiple-choice exam* will cover material learned during weeks 1-6 inclusive, and will last one hour.

**NOTE**: There will be **no supplementary exam** offered for the mid-session examination.
Students who fail to attend the mid-session examination will need to apply for special consideration to have their final examination scaled up by the appropriate percentage. This scaling is not automatic. Special consideration applications must be made through the Registrar’s office (Chancellery) and not through the lecturer-in-charge, within 7 days of the exam, with full documentation of the reason for the absence. Note that employment obligations are not acceptable reasons for absence from any test/examination. The application may be denied if the reason for absence is deemed inadequate.

Final Examination: will be held in the University examination period (November-December) and will be of 2 hours duration. The final exam will cover the entire course, with approximately 1/3 covering the first half (weeks 1-6) and 2/3 covering the second half (weeks 7-14). It will consist of multiple choice questions, essays/short notes, and problems. It is important to note that a satisfactory performance in the final examination is required to pass this subject.

Supplementary Final Examination: A supplementary final examination may be offered to students who failed to attend the final examination, or whose performance during the final examination has been severely affected by illness or other extraordinary circumstances that can be documented. The following conditions, however, must be fulfilled before such an application to sit for a supplementary final examination will be considered:
(i) the student's performance during the session (based on the student’s tutorial test marks and mid-session exam mark) must be judged satisfactory by the lecturer-in-charge, 
(ii) the student must have applied for special consideration which is made via the Registrar's Office (Chancellery) within 7 days of the final examination, and the application must be supported by full documentation.
Notes: 
(i) Employment obligations are not acceptable as reasons for absence from an examination, 
(ii) if a supplementary examination is granted, the format of that examination may be different from that of the final examination, 
(iii) students who are granted a supplementary examination will be advised of the date of the supplementary exam at least 7 days prior to the exam and students have the responsibility to make themselves available to sit for the supplementary exam on the date specified. Employment obligations or holiday plans are no excuse for absence and no further supplementary exam will be offered.

STUDENT CONDUCT AND BEHAVIOUR

Students are expected to conduct themselves with consideration and respect for the needs of fellow students and teaching staff. This includes prompt arrival at classes and avoidance of disruptive behaviour. Included in disruptive behaviour is talking during lectures, pursuing activities clearly unrelated to the lecture (such as reading the sports page) and the ringing or use of mobile phones. Students will be given one warning if their behaviour affects the participation of others in class. If disruptive behaviour persists, they will be asked to leave the class.
TEACHING STAFF

The Lecturer-in-charge and sole lecturer for the subject is Dr. Peter Robertson (JG Rm 118; Ph. 9385 3367, email: p.robertson@unsw.edu.au). The Lecturer-in-charge is responsible for the overall organisation and content of the course.

The Subject Administrator is Mr Ernie Teo (JG Rm 132; Ph. 9385 1346, email: gin@unsw.edu.au). Any questions regarding administrative matters (such as allocation to tutorial groups) should be directed to the Subject Administrator. However, note that much of the information concerning administrative matters can also be obtained from the School of Economics Office on the second floor of the John Goodsell Building (JG 223 Ph. 9385-3335).

You should feel free to approach your lecturer about any matter related to the subject. He will indicate when he is available to see you outside class times, and may be approached at the end of classes for short questions. The lecturer will have specific consultation hours. Your tutor will help you specifically with exercises assigned for tutorials. Tutors, however, are not available for consultation outside tutorial time except at PitStop (see below).

School of Economics tutors hold open consultation hours (PitStop) in John Goodsell Room G18 during the semester. Help can be obtained regarding the subject matter of all first-year courses, however, these tutors may not be the ones running your tutorials.

TUTORIAL GROUP ALLOCATIONS

Any student who is not enrolled in a tutorial by Week 1 should go to Quadrangle Building Lab 10 and enrol via TAS. Enrolments via this method can only be done in Week 1.

Once enrolled, shifting from one tutorial group to another will not be permitted unless you have compelling reasons. You should consult the Subject Administrator about these matters.

A list of tutorial allocations will be displayed on the course website by the end of the first week. Tutorials begin in the second week.

Tutorial attendance is compulsory. Failure to attend at least 8 tutorials over the session may result in your attendance for this course being deemed unsatisfactory, resulting in overall failure.

OTHER IMPORTANT ACADEMIC MATTERS

Education Development Unit

Learning support is available from the Education Development Unit (EDU) in the Faculty. EDU services are free and confidential and are available to students of the Faculty of Commerce and Economics. The services offered for FCE students include:

- Academic skills workshops run throughout the session;
- Printed and on-line study skills resources e.g. referencing guide, report writing and exam preparation;
- A drop-in resource centre containing books and audio visual material that can be borrowed;
- A limited consultation service for students with individual or small group learning needs.
More information about the EDU services including on-line resources, workshop details and consultation request forms are available from the EDU website:

http://education.fce.unsw.edu.au

or at their office: Room 2039, Level 2 Quadrangle Building.

Other UNSW Support
In addition to the EDU services, the UNSW Learning Centre provides academic skills support services for students. The Learning Centre is located on Level 2 of the Library and can be contacted by phone on 9385 3890 or through their website:

http://www.lc.unsw.edu.au

Students experiencing problems of an academic or personal nature are encouraged to contact the Counselling Service at UNSW. This service is free and confidential and run by professional counsellors. The Counselling Service is located on Level 2, Quadrangle East Wing, and can be contact by phone on 9385 5418 or through their website:

http://www.counselling.unsw.edu.au/.

Grievances
If you are unhappy with some aspect of the course, you should discuss this with me in the first instance. If you are not satisfied with my response, you should approach the Head of the School of Economics about the matter. You should also consider seeking the advice of the Faculty's Academic Adviser or the Director of Undergraduate Programs.

Special Consideration
If you believe your performance on any assessment is adversely affected by sickness or other adverse circumstances which you can document, you should notify the Registrar and ask for special consideration in the determination of your results.

Requests for special consideration must be accompanied by appropriate documentation. The request should be made as early as possible, and never more than a week after the relevant assessment.

A supplementary final examination is recommended for a student only if the final examination performance has been affected by serious illness or other extraordinary circumstances which can be documented and there is evidence on the basis of performance during the session that the student has made satisfactory progress.

Special consideration request forms and details of required documentation are available from the Student Centre in the Chancellery.

Application for A Review of A Result
A student may make application to the Registrar for a review of a result. A review of a result may take two forms.

1) Checking a mark - The subject authority shall ensure that all components of the assessment have been assessed and a mark assigned. This is not a reassessment but a search for arithmetic error in arriving at the composite mark and for gross and obvious error in the assignment of marks in components of the final composite mark.

2) Reassessment - Students may apply to have a piece of work re-marked, but must first discuss their performance with the Subject Administrator or Lecturer-in-charge. If students still have reason to believe that the mark they have received does not reflect their performance they may apply for reassessment.

In either case the review may result in the mark going up or down.

Pass Conceded
A "pass conceded" may be granted in this subject providing a student’s overall performance is considered to warrant such a concession. **In the Faculty of Commerce and Economics, the authority, which grants the “pass conceded” grade is the Faculty Assessment Committee, NOT the Head of School, the head of an academic unit within the School or the lecturer-in-charge.**

For students in the Faculty of Commerce and Economics, among the criteria for a conceded pass grade in a subject is that a student must, in addition to gaining a mark of 47 to 49 in that subject, obtain an average mark of at least 53 for all subjects for which he/she is enrolled in the session.

**Change of Address**

It is essential for administrative purposes that students who change their postal addresses during the year should notify the Students’ Records section in the Chancellery and notify the office of their Faculty. This is essential to ensure that exam results are sent to each student’s current address.

**Honours in Economics**

Students who obtain good results in their first year are encouraged to think about doing an honours degree in economics. Full details appear in the Faculty Handbook.
ACADEMIC HONESTY AND PLAGIARISM

The University regards plagiarism as a form of academic misconduct, and has very strict rules regarding plagiarism. For full information regarding policies, penalties and information to help you avoid plagiarism see: www.my.unsw.edu.au/student/atoz/Plagiarism

Plagiarism is the presentation of the thoughts or work of another as one’s own.* Examples include:
- direct duplication of the thoughts or work of another, including by copying work, or knowingly permitting it to be copied. This includes copying material, ideas or concepts from a book, article, report or other written document (whether published or unpublished), composition, artwork, design, drawing, circuitry, computer program or software, web site, Internet, other electronic resource, or another person’s assignment without appropriate acknowledgement;
- paraphrasing another person’s work with very minor changes keeping the meaning, form and/or progression of ideas of the original;
- piecing together sections of the work of others into a new whole;
- presenting an assessment item as independent work when it has been produced in whole or part in collusion with other people, for example, another student or a tutor; and,
- claiming credit for a proportion a work contributed to a group assessment item that is greater than that actually contributed.†

Submitting an assessment item that has already been submitted for academic credit elsewhere may also be considered plagiarism.

The inclusion of the thoughts or work of another with attribution appropriate to the academic discipline does not amount to plagiarism.

Students are reminded of their Rights and Responsibilities in respect of plagiarism, as set out in the University Undergraduate and Postgraduate Handbooks, and are encouraged to seek advice from academic staff whenever necessary to ensure they avoid plagiarism in all its forms.

The Learning Centre website is the central University online resource for staff and student information on plagiarism and academic honesty. It can be located at:

www.lc.unsw.edu.au/plagiarism

The Learning Centre also provides substantial educational written materials, workshops, and tutorials to aid students, for example, in:
- correct referencing practices;
- paraphrasing, summarising, essay writing, and time management;
- appropriate use of, and attribution for, a range of materials including text, images, formulae and concepts.

Individual assistance is available on request from The Learning Centre.

Students are also reminded that careful time management is an important part of study and one of the identified causes of plagiarism is poor time management. Students should allow sufficient time for research, drafting, and the proper referencing of sources in preparing all assessment items.

* Based on that proposed to the University of Newcastle by the St James Ethics Centre. Used with kind permission from the University of Newcastle

† Adapted with kind permission from the University of Melbourne.
### WHAT IS EXAMINABLE?

The table below shows the chapters that are covered. Each chapter has parts which are designated “Core material” and “Extension material”. Both are examinable. “Excluded material” is not examinable. Core material will be treated fully in lectures. Much of the extension material you must read on your own. However, some of this will appear in tutorial problems.

*Note:* The sections marked “Economic naturalist” throughout the text are all extension material. Studying these is essential for a good understanding of the material.

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Core Material</th>
<th>Extension Material</th>
<th>Excluded</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>3-14</td>
<td>15-18, appendix</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>All</td>
<td></td>
<td></td>
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<tr>
<td>3</td>
<td>All</td>
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<tr>
<td>4</td>
<td>All</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>117-129, 134-136</td>
<td>130-133</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>All</td>
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<tr>
<td>7</td>
<td>All</td>
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<td>8</td>
<td>193-206, 213-215</td>
<td>207-213</td>
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<tr>
<td>9</td>
<td>221-235</td>
<td>243-246</td>
<td>235-242</td>
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<tr>
<td>10</td>
<td>251-259, 262-267</td>
<td>rest</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>277-291</td>
<td>rest</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>301-304, 309-313</td>
<td>304-309, 314-317</td>
<td>rest</td>
</tr>
<tr>
<td>13</td>
<td>325-331</td>
<td>332-340</td>
<td>rest</td>
</tr>
<tr>
<td>14</td>
<td>358-361</td>
<td>352-358</td>
<td>rest</td>
</tr>
<tr>
<td>15</td>
<td>373-384</td>
<td>384–end</td>
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</tbody>
</table>

All page references are to the *second edition* of Frank and Bernanke.
# LECTURE OUTLINE: What to read when

<table>
<thead>
<tr>
<th>Week: Dates</th>
<th>Lecture Topic</th>
<th>Text</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Part 1: Introduction</strong></td>
<td></td>
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<tr>
<td>1: 25 July</td>
<td>Introduction Thinking like an economist</td>
<td>Chapter 1</td>
</tr>
<tr>
<td>2: 1 Aug</td>
<td>Comparative advantage and Exchange</td>
<td>Chapter 2</td>
</tr>
<tr>
<td>3: 8 Aug</td>
<td>Supply and Demand: Introduction</td>
<td>Chapter 3</td>
</tr>
<tr>
<td><strong>Part 2: Competition and the Invisible Hand</strong></td>
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</tr>
<tr>
<td>4: 15 Aug</td>
<td>Elasticity Demand Supply</td>
<td>Chapter 4</td>
</tr>
<tr>
<td>5: 22 Aug</td>
<td>Efficiency and Exchange</td>
<td>Chapter 7</td>
</tr>
<tr>
<td>6: 29 Aug</td>
<td>The Invisible Hand</td>
<td>Chapter 8</td>
</tr>
<tr>
<td><strong>Week 8:</strong></td>
<td><strong>Mid-Session Exam:</strong></td>
<td>No Lecture</td>
</tr>
<tr>
<td><strong>Friday 19 September 12:45pm</strong></td>
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<td></td>
</tr>
<tr>
<td><strong>Part 3: Market Imperfections</strong></td>
<td></td>
<td></td>
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<tr>
<td>9: 19 Sep</td>
<td>Monopoly</td>
<td>Chapter 9</td>
</tr>
<tr>
<td><strong>Mid Session Break</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10: 3 Oct</td>
<td>No Lectures</td>
<td>Monday holiday, Thurs. cancelled</td>
</tr>
<tr>
<td>11: 10 Oct</td>
<td>Thinking Strategically</td>
<td>Chapter 10</td>
</tr>
<tr>
<td>12: 17 Oct</td>
<td>Externalities and Asymmetric Information</td>
<td>Chapter 11-12</td>
</tr>
<tr>
<td>13: 24 Oct</td>
<td>Policy Issues</td>
<td>Chapter 13-14</td>
</tr>
<tr>
<td>14: 31 Oct</td>
<td>Policy Issues and Review</td>
<td>Chapter 14-15</td>
</tr>
</tbody>
</table>
Summary of important information

Make a note of information and changes

Lecture A: Monday 1200--1300 Rex Vowels
            Thursday 1300–1400 Web A

Lecture B: Monday 1500–1700 MAT B

Lecturer’s Consultation hours: Monday 1.00 pm–3.00 pm

Tutorial no. and time:

Tutor’s name:

Mid-session exam  Friday 16 September - Multiple Choice

Time:

Building and room:

Date:

Time:

Building and room:

Your exam room allocation will depend on your name and/or student number.