

THE UNIVERSITY OF
NEW SOUTH WALES



SCHOOL OF ECONOMICS

ECON 1101 MICROECONOMICS 1

SESSION 2, 2007

COURSE OUTLINE

Lecturer in Charge:

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Course Administrator:

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Microeconomics 1 Website

<http://vista.elearning.unsw.edu.au>

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1. TEACHING STAFF

Lecturer-in-Charge		Phone	Location
Louise Zieme	Louise.Zieme@unsw.edu.au	9385 3565	JG 108
Course Administrator			
Abu Shonchoy	abu.shonchoy@unsw.edu.au	9385 1567	JG 132
Tutors To be advised. Names and contact details of tutors will be available on the Microeconomics 1 website			

Who so I see If I have a problem ?

The **Course Administrator** is Abu Shonchoy (Room JG 132 John Goodsell Building; Ph. 9385 1567, email: abu.shonchoy@unsw.edu.au). Any questions regarding administrative matters (such as your allocation to a tutorial group) should be directed to the Course Administrator.

However, much of the information concerning administrative matters may also be obtained from the School of Economics Office on the second floor of the John Goodsell Building (JG 223 Ph. 9385 3335)

The **Lecturer-in-charge** is Louise Zieme (JG Rm 108; Ph. 9385 3565, email: Louise.Zieme@unsw.edu.au). The Lecturer-in-charge is responsible for the overall direction and content of the course.

You should feel free to approach your *lecturer* about any academic matter during their consultation hours. All lecturers and the Course Administrator may be contacted by email.

Staff Consultation Hours

Lecturers will have some scheduled Consultation hours. These hours will be posted on the course website.

Lecturers, the Course Administrator and Tutors may be contacted by e-mail.

2. INFORMATION ABOUT THE COURSE

2.1 Units of Credit & Class Hours

This course is worth 6 units of credit.

There are 2 x 1 hour lectures per week and 1 x 1 hour tutorial class per week.

Lectures Start in Week 1 and Tutorials start in Week 2.

2.2 Lecture Times and Locations

	Lecturer	Day	Time	Location
Group A	Zieme	Monday	1100 – 1200	Burrows Theatre
		Wednesday	1400 – 1500	Burrows Theatre
Group B	Zieme	Tuesday	1600 – 1800	Burrows Theatre

2.3 Tutorial Groups & Allocations

Tutorials start in week 2. Students can enrol via the myUNSW site. Once tutorials commence no class changes are permitted without documented reasons. Students seeking a change of tutorial class must contact the Course Administrator (Abu Shonchoy JG 132; 9385 1567, abu.shonchoy@unsw.edu.au)

The Tutorial Program of Topics, Readings, and Questions is provided in a separate handout.

2.4 Relationship of this Course to other Courses

Together with ECON1102 Macroeconomics I, this course provides a broad introduction to economic analysis and is a core requirement for all students in the B.Com and B.Ec. ECON1101 Microeconomics I is a prerequisite for ECON1102 Macroeconomics I and for all courses in the School of Economics with a course code number beginning in 2 or 3.

2.5 Approach to Learning and Teaching

The philosophy underpinning this course and its Teaching and Learning Strategies are based on “Guidelines on Learning that Inform Teaching at UNSW”. These guidelines may be viewed at:

www.guidelinesonlearning.unsw.edu.au.

Section 3.3 (below) provides more detail on Teaching and Learning Strategies for this course.

3. COURSE AIMS AND OUTCOMES

3.1 Course Aims

The aim of this course is to provide an introduction to microeconomic analysis. This means that ECON1101 is an introductory course in the theory of markets with relevant applications to business, social and individual issues.

The course covers the principles and consequences of “rational” choice by individual economic agents in markets. The course also provides introductory analysis of the role of governments in seeking to ensure the efficient operation of markets.

No Previous study of Economics is assumed

3.2 Student Learning Outcomes

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

1. Demonstrate an understanding of economic concepts and their appropriate usage
2. Construct economic arguments in terms of these concepts, and present logical economic arguments in both written and oral form
3. 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

3.3 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.

Each student must submit a written answer to a nominated Discussion Question as part of Assessment (See Section 5 below).

The Review Questions consist of selected end-of-chapter problems from the textbook (McTaggart) 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.

Out-of-Class Study

While students may have preferred individual learning strategies, it is important to note that most learning will be achieved outside of class time.

Lectures can only provide a structure to assist your study, and tutorial time is limited.

An “ideal” strategy (on which the provision of the course materials is based) might include:

***Reading of the relevant chapter(s)** of the text and accessing the lecture overheads from the course website **before the lecture**.

This will give you a general idea of the topic area.

***Attendance at lectures.**

Here the context of the topic in the course and the important elements of the topic are identified. The relevance of the topic should be explained.

*** Attempting the Review Questions**, checking their solutions, and **preparing answers for the Discussion Questions**.

This will identify the things you need to do to demonstrate your understanding of a topic, and guide your re-reading of specific parts of the text. This will also provide a self-test of your understanding, and identify those parts of the topic with which you have problems.

This should be done after the lecture and before the following week's tutorial.

*** Attending Tutorials**

In the week of your assigned Discussion Question (see below) you will be required to present a short (10 minute maximum) summary of your answer as the basis for discussion by the rest of the class. You are required to submit your answer, written as a short essay (500 words), to your tutor for assessment in the following week's tutorial.

In other weeks you should still prepare rough answers to the Discussion Questions so that you can contribute to the discussion. The Discussion Questions are your best preparation for writing essay-type exam answers. Since the tutorial time is limited, problems with the Review Questions or your reading may also be addressed by consulting with your tutor or lecturer in their consultation hours, or with the PITSTOP tutors or at the PASS meetings (see section 7.2 below).

4. STUDENT RESPONSIBILITIES AND CONDUCT

4.1 Workload

It is expected that you will spend at least **ten hours** per week studying this course. This time should be made up of reading, research, working on exercises and problems, and attending classes. In periods where you need to prepare for a Tutorial Presentation or an examination, the workload may be greater.

Over-commitment has been a cause of failure for many students. You should take the required workload into account when planning how to balance study with employment and other activities.

4.2 Attendance

Your regular and punctual attendance at lectures and tutorials is expected in this course. University regulations indicate that if students attend less than eighty per cent of scheduled classes they may be refused final assessment.

4.3 General Conduct and Behaviour

You are expected to conduct yourself with consideration and respect for the needs of your fellow students and teaching staff. A student whose conduct disrupts or interferes with a lecture or a tutorial may be excluded from the course. More information on student conduct is available at: www.my.unsw.edu.au.

4.4 Keeping informed

You should take note of all announcements made in lectures, tutorials or on the course web site. In particular you should check “Announcements” on the course website at least once a week. From time to time, the University will send important announcements to your university e-mail address without providing you with a paper copy. It will be assumed that students have received such information.

5. ASSESSMENT

5.1 Formal Requirements

In order to pass this course, you must:

- achieve a composite mark of at least 50; and
- make a satisfactory attempt at all assessment tasks (see below).

5.2 Assessment Details

Assessment will consist of:

Tutorial Assessment	15%
Mid-Session Examination (Week 8)	25%
Final Examination	<u>60%</u>
TOTAL	100%

Tutorial Assessment

The purpose of this assessment is to test knowledge of concepts and the ability to present logical economic argument in both written and oral form.

In the first tutorial (Week 2), each student will be allocated a Discussion Question. Students are required to present their answer to their set Discussion Question in the relevant tutorial. You will be required to hand-in a written copy of your answer to your tutor in the following tutorial. This will allow you to incorporate any useful comments from the class discussion.

The presentation is to be concise and to last a maximum of 10 minutes. The written answer is to be a maximum of 500 words.

Students who do not present AND hand-in their discussion question will be given a mark of ZERO for this component of the assessment.

While only one student is required to present each allocated Discussion Question, all students should come to tutorials prepared to participate in the class discussion. All students will be expected to contribute to the discussion of any unallocated questions. **The content of the Tutorial program and Discussion Question is examinable.**

The Tutorial Assessment mark (out of 15) will be awarded on the basis of the submitted written answer to your allocated question (out of 5), and your presentation (out of 5) and participation and attendance (out of 5).

Mid Session Examination

A mid-session exam will be held during **Week 8**.

The locations and time of the examination will be announced in lectures and tutorials of the weeks preceding the exam, and will also be posted on the course Website.

The exam will cover materials covered in Tutorial Topics 1-5 inclusive (Lecture Topics 1-6 inclusive), and will consist of 25 multiple-choice questions worth a total of 25 marks to be answered in 60 minutes.

The purpose of this assessment is to test knowledge of concepts, the ability to use economic reasoning to make deductions, and to perform simple calculations of costs and benefits.

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. Special Consideration applications must be made within 3 days of the Exam through **UNSW Student Central** in the Chancellery and NOT through the lecturer-in-charge or course administrator

(you should advise the course administrator that you have made an application). You will need to provide full documentation of the reason for the absence (e.g. illness). Employment obligations of any kind are not acceptable reasons for absence from any test/examination.

Those students, whose request is granted for Special Consideration for the Mid-Session Examination, will have their final mark re-weighted according to the weight of the missed piece of assessment. (e.g. if consideration is granted for a student's absence from the Mid-Session Examination, their Tutorial Assessment and Final Exam marks will be scaled up by a factor of $\frac{4}{3}$).

Final Examination

This will be held in the University examination period (November/December) and will be 2 hours long. The final exam will cover the entire course. The format of the examination will be:

- Part A: 20 Multiple choice questions
- Part B: 2 Essay type questions from a choice of 4

Further information on the content of the Final Exam will be provided towards the end of session.

The purpose of the final exam is to assess knowledge of economic concepts and their appropriate use, to test the ability to use economic reasoning to make deductions, and to test the ability to perform simple calculations of costs and benefits.

It is important to note that a satisfactory performance in the Final Examination is required to pass this course.

5.3 Special Consideration and Supplementary examinations

A supplementary final examination *may* be offered to students who failed to attend the final examination for medical reasons, or whose performance during the final examination has been severely affected by illness, or other extraordinary circumstances that can be documented by the student. Supplementary examinations are not offered as a matter of course. The following conditions *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 assessment mark and Mid-Session Exam mark) must be deemed to be at a satisfactory level by the lecturer-in-charge, and
- (ii) the student has applied for special consideration which is made through **UNSW Student Central** within 3 days of the final examination, and the application is supported with full documentation.

Notes:

If a supplementary examination is granted, the format of that examination will be similar to that of the final examination.

Students who are granted a supplementary examination will be advised of the date of the supplementary exam as soon as possible, and students have the responsibility to make themselves available to sit for the supplementary exam on the date specified.

6. 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.

7. STUDENT RESOURCES

7.1 Course Website

The Microeconomics1 website may be found among others of your courses at:
<http://vista.elearning.unsw.edu.au>

The Website contains copies of
All Course Handouts; Copies of Lecture Overhead Slides; Tutorial Program;
Answers to Tutorial Review Questions; Sample Exam Questions and Answers;
Additional Readings; Tutorial Allocations; Mid-Session Exam Marks; and
Announcements.

Students should consult this website at least once a week as it contains important information about the course. It will be assumed that all students have seen any notice posted on the course website.

7.2 Pitstop and PASS

The School of Economics has developed **Pitstop** to help students gain more convenient access to tutor assistance. Instead of having to wait for tutors' or lecturer's office hours, students will be able to get help as soon as they run into a problem with their study, either by phone, email or by going to the Pitstop room at **Room G18 of the John Goodsell Building**. From Week 4 onwards (excluding midsession break), the Pitstop office is manned by Tutors who are able to provide assistance to students in the following courses:

- ECON 1101 Microeconomics 1
- ECON 1102 Macroeconomics 1
- ECON 1202/2291 Quantitative Methods A
- ECON 1203/2292 Quantitative Methods B

More information and the PITSTOP timetable can be accessed through the School of Economics website (www.economics.unsw.edu.au and follow the links *current students>learning aids*)

PASS is a scheme introduced in the Faculty of Commerce and Economics to help new undergraduates make the transition from secondary school to first year at University. In this scheme undergraduates are encouraged to attend, on a voluntary basis, small study groups which are run by second year students. PASS Groups are offered in Microeconomics 1, Macroeconomics 1, Quantitative Methods A (QMA), and Quantitative Methods B (QMB).

7.3 Textbooks and Readings

The textbook for this course is:

McTaggart, D., Findlay, C., and Parkin, M., (2007) ***Microeconomics, Fifth Edition***, Addison-Wesley, Sydney (hereafter referred to as McTaggart). (Library Call No S338.5/142).

The content of this text is included in the larger text McTaggart, D., Findlay, C., and Parkin, M., (2007) *Economics*, Fifth Edition, Addison-Wesley, Sydney. (Library Call No S330.5/701).

Students who intend enrolling in ECON1102 Macroeconomics I in Session 2 may find purchasing the larger text useful **but McTaggart *Macroeconomics* is not the specified text for ECON1102.**

The publishers provide a range of support material for the textbook, including a study guide, a CD-ROM containing summaries and self tests, a book of topical applications, and a website. Information on accessing this support material is provided in the introduction to the text.

While the support material may provide useful additional assistance to your study of the subject matter, the support material is not required reading. Students must make their own judgement as to whether accessing and using the support material is worthwhile. The examinable content of the textbook is defined by the Lecture Schedule and the Tutorial Program (see below).

Other useful readings:

The library holds a wide range of alternative textbooks covering microeconomic principles. While the text set for this course is sufficient reading, if you wish to supplement this with additional readings, you may consult these alternative books.

Some useful texts are (with the Library Call Number shown in brackets):

Jackson J., Mclver, R., McConnell, C. and Brue S. (1994 and later editions), *Microeconomics*, McGraw-Hill International Book Co., Tokyo. (S338.5/155).

Frank, Robert H. and Ben S. Bernanke 2nd Ed. (2004), *Principles of Microeconomics*, McGraw-Hill Irwin. (SQ338.5/197)

Baumol, W.J., Blinder, A.S., Gunther, A.W. and Hicks, J.R.L., (1992), *Economics: Principles and Policy*, Australian Edition, Harcourt Brace Jovanovich, Sydney. (S330/485F)

Samuelson, P., Nordhaus, W., Richardson, S., Scott, G., and Wallace, R., *Economics*, 3rd Aust edition, Vol 1, Microeconomics, McGraw Hill, Sydney, 1992 (S338.5/143)

Stiglitz, J.E., (1993), *Principles of Microeconomics*, Norton, New York. (S338.5/148)

7.4 Other Resources, Support and Information

The University and the Faculty provide a wide range of support services for students, including:

- Learning and study support;
- Counselling support;
- Library training and support services;
- Disability support services;

Education Development Unit

Additional learning support, tailored to the needs of FCE students, is available from the Education Development Unit (EDU) in the Faculty. The EDU offers a range of services for FCE students including:
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 may 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.

Contacts and location:

EDU Web: <http://education.fce.unsw.edu.au>

EDU Location: Room 2039, Level 2 Quadrangle Building

EDU services are free and confidential and are available to students of the Faculty of Commerce and Economics.

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 at the Western end of the carpark opposite the Post Office and the Matthews canteen and can be contacted by Phone: 9385 2060 or through their website: 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 on 9385 5418.

Those students who have a disability that requires some adjustment in their teaching and learning environment are encouraged to discuss their study needs with the Lecturer in Charge or with the Equity Officer (Disability) prior to, or at the commencement of, their course. The Equity and Diversity Unit can be contacted through 93854734 or www.equity.unsw.edu.au/disabil.html.

Students should be aware of Faculty Occupational Health and Safety policies and expectations.

See

www2.fce.unsw.edu.au/nps/servlet/portalservice?GI_ID=SystemLoggedOutInheritableArea&maxWnd= Staff Info OHS

8. CONTINUAL COURSE IMPROVEMENT

Each year feedback is sought from students about their experiences in courses offered in the School, and continual improvements are made based on this feedback. UNSW's Course and Teaching Evaluation and Improvement (CATEI) Process

(http://www.ltu.unsw.edu.au/ref4-5-1_catei_process.cfm) is one of the ways in which student evaluative feedback is gathered.

9. LECTURE SCHEDULE

Week 1 (23/7-27/7)	Introduction to Economic Concepts <i>Opportunity Cost, Efficiency, Production Possibilities Curve</i> McTaggart Chs 1, 2
Week 2 (30/7-3/8)	Introduction to Economic Concepts (cont) <i>Comparative Advantage and Trade</i> McTaggart Chs 1, 2, 7 pp154-157, 166-169.
Week 3 (6/8-10/8)	The Competitive Market Model <i>Demand, Supply, Market Equilibrium,</i> McTaggart Ch 3
Week 4 (13/8-17/8)	Elasticity <i>Price elasticity Income elasticity, cross-elasticity</i> <i>Elasticity and Revenue</i> McTaggart Ch 4,
Week 5 (20/8-24/8)	Applications of the Competitive Model <i>Consumer & Producer Surplus,</i> <i>Floor and Ceiling Prices, Tax Incidence</i> <i>Tariffs & Subsidies</i> McTaggart Chs 5, 6, 7. esp pp158-165.
Week 6 (27/8-31/8)	The Theory of the Firm: The Costs of Production <i>Production and Costs</i> <i>Short run and long run costs</i> McTaggart Chs 9.
Week 7 (3/9-7/9)	Perfect Competition <i>Short run profit maximisation, long run equilibrium</i> McTaggart Ch 10
Note: Friday 7 September is a Public holiday due to the APEC summit. Tutorials will run as usual. Students attending Friday tutorials should attend a tutorial on an alternative day for this week only. Times and locations of alternative tutorials are set out on the Microeconomics 1 website.	
Week 8 (10/9-14/9)	No Lectures this week Mid-session Exam
Week 9 (17/9-21/9)	Market Models: Monopoly <i>Monopoly and Efficiency</i> <i>Price discrimination</i> <i>Regulation of Monopoly</i> McTaggart Ch 11,15 pp 356-358, 363-365

Mid Session Break

(22/9 – 1/10)

Week 10

(2/10-5/10)

Market Models: Oligopoly and Monopolistic Competition

Monopolistic competition: short run & long run

Game Theory

Cartels

Non price Competition

McTaggart Ch 12, 15 pp 358-363

Note: Monday 1 October is a Public holiday. As such there will be only 1 hour of lectures this week as follows:

Group A: Wednesday lecture only

Group B: Tuesday 1 hour lecture only

Tutorials will run as usual

Students attending Monday tutorials should attend a tutorial on an alternative day for this week only. Times and locations of alternative tutorials are set out on the Microeconomics 1 website.

Week 11

(8/10-12/10)

Resource and Labour Markets; Income Distribution

Derived Demand

Monopsony

Lorenz Curves

McTaggart Ch 14, 18.

Week 12

(15/10-19/10)

Market Failure 1: Transaction Costs, Uncertainty,

Principal- agent problems, risk,

moral hazard and adverse selection

Topic Notes

Week 13

(22/10- 26/10)

Market Failure 2

Externalities and Public Goods

McTaggart Chs 16, 17.

Week 14

(29/10-2/11)

Course Review

There will be only 1 hour of lectures this week

Group A: Monday lecture only

Group B: Tuesday 1 hour lecture only