ECON20002
Intermediate Microeconomics

SUBJECT GUIDE

Semester 1, 2014

Prepared by
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Department of Economics
Faculty of Business and Economics
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1 Subject Outline

Welcome to ECON20002 Intermediate Microeconomics. This subject provides an overview of the core economic models used for the analysis of decisions made by consumers, firms, and governments. These economic models are widely used by professional economists and serve as a prerequisite for third year subjects in economics and econometrics. The subject will provide numerous examples of the application of these models to contemporary issues, such as food aid policy, business firms and product mix decisions, and the benefits of competitive markets.

1.1 Prerequisites

The primary prerequisite for this subject is Introductory Microeconomics (ECON10004), the first-year microeconomics subject taught in the Faculty of Business and Economics. If you do not satisfy this prerequisite, but believe you should be allowed to take the subject, please contact me immediately.

1.2 Textbook

The required textbook for this course is:


We will be using this text throughout the subject and some of the tutorial questions will come directly from the textbook. Several copies of the textbook will be available on reserve at the Baillieu Library.

There are many textbooks on intermediate microeconomics in the library. If you’d like an alternative take on the course material, you might want to consult either of the following:


1.3 Learning Objectives

On successful completion of this subject, students should be able to:

- Explain the core microeconomic theories of the consumer and the firm;
- Identify the usefulness and limitations of these theories;
• Apply microeconomic theories to economic problems faced by business, government and other decision makers under different assumptions about market structure and under different assumptions about available information;

• Critically evaluate the role of markets and governments in solving the economic problems facing societies;

• Apply economic tools to the analysis and solution of selected decision problems facing businesses; and

• Synthesise theory and practice in the context of selected public policy issues.

In addition, in this subject students will have the opportunity to develop the following generic skills through the lectures, participation in tutorials, and independent study:

• Evaluation and synthesis of ideas, views and evidence;

• Critical thinking;

• Application of theory to economic policy and business decision making;

• Problem solving skills;

• Collaborative learning and team work; and

• Written and oral communication.

2 Contact Details

2.1 Lecturer Contact Details

Your coordinator for Intermediate Microeconomics is Reshad N Ahsan.  
Email: rahsan@unimelb.edu.au  
Room: 333, Level 3, FBE Building  
Phone: 9035-8147  
Consultation Hours: Tuesday and Thursday 1:30 pm – 2:30 pm

2.2 Tutor Contact Details

Your tutorial coordinator for Intermediate Microeconomics is Nahid Khan.  
Email: n.khan@unimelb.edu.au  
Room: 336, Level 3, FBE Building  
Phone: 8344-3621
2.3 Email Protocol

While academic staff endeavour to address queries received via email, it is more appropriate to resolve substantive questions face-to-face during normal consultation hours. With this in mind, I encourage all students to familiarise themselves with the consultation hours offered by myself and the tutors in this subject.

Please note that we are only able to respond to student emails coming from a University email address. Please do not use personal email addresses such as Yahoo, Gmail, Hotmail or even business email addresses. Emails from non-University email addresses may be filtered by the University’s spam filter, which means that we may not receive your email. All correspondence relating to this subject will only be sent to your University email address. Note that you must first activate your University email address before you can send or receive emails at that address. You can activate your email account at this link:

http://accounts.unimelb.edu.au

3 Lectures

3.1 Lecture Times

<table>
<thead>
<tr>
<th>Day</th>
<th>Time</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuesday</td>
<td>3:15 pm – 4:15 pm</td>
<td>The Spot – Copland Theatre</td>
</tr>
<tr>
<td></td>
<td>repeated</td>
<td></td>
</tr>
<tr>
<td>Tuesday</td>
<td>5:15 pm – 6:15 pm</td>
<td>The Spot – Copland Theatre</td>
</tr>
<tr>
<td>Thursday</td>
<td>3:15 pm – 4:15 pm</td>
<td>The Spot – Copland Theatre</td>
</tr>
<tr>
<td></td>
<td>repeated</td>
<td></td>
</tr>
<tr>
<td>Thursday</td>
<td>5:15 pm – 6:15 pm</td>
<td>The Spot – Copland Theatre</td>
</tr>
</tbody>
</table>

3.2 Lecture Slides

The lecture slides will be available for download prior to each lecture. The lecture slides and other subject material may be accessed from the Intermediate Microeconomics web pages on the University’s Learning Management System (LMS):

www.lms.unimelb.edu.au
3.3 Audio Recording of Lectures

The lectures will be recorded and available for download and review in the days following each lecture. The audio recordings of lectures allow you to revise lectures during the semester and to review lectures in preparation for the end-of-semester exam. You can access recorded lectures by clicking on the Lecture Recordings menu item in the LMS page for this subject. To listen to recordings, you must install QuickTime 7 (or a later version) on your computer. Many students who use the lecture recordings find it helpful to be looking at the lecture slides as they listen.

*Please note that audio recordings are not a substitute for attendance.* Instead they’re designed for revision. On rare occasions the system might fail to record the lecture due to technical reasons. In such cases, the lecture recording will not be made available.

3.4 Lecture Schedule

This section provides an approximate timetable and reading guide for the lectures.

<table>
<thead>
<tr>
<th>Lecture</th>
<th>Date</th>
<th>Topic</th>
<th>Reading</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>March 4</td>
<td>Introduction</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>March 6</td>
<td>The Basics of Supply and Demand, Thinking on the Margin</td>
<td>Ch. 2.1–2.4</td>
</tr>
<tr>
<td>3</td>
<td>March 11</td>
<td>Consumer Preferences</td>
<td>Ch. 3.1</td>
</tr>
<tr>
<td>4</td>
<td>March 13</td>
<td>Utility, Budget Constraints</td>
<td>Ch. 3.2</td>
</tr>
<tr>
<td>5</td>
<td>March 18</td>
<td>Consumer Choice I</td>
<td>Ch. 3.3, 3.5</td>
</tr>
<tr>
<td>6</td>
<td>March 20</td>
<td>Consumer Choice II</td>
<td>Ch. 3.4</td>
</tr>
<tr>
<td>7</td>
<td>March 25</td>
<td>Demand</td>
<td>Ch. 4.1, 4.3</td>
</tr>
<tr>
<td>8</td>
<td>March 27</td>
<td>Income and Substitution Effects, Consumer Surplus</td>
<td>Ch. 4.2, 4.4</td>
</tr>
<tr>
<td>9</td>
<td>April 1</td>
<td>Uncertainty and Consumer Behaviour I</td>
<td>Ch. 5.1–5.2</td>
</tr>
<tr>
<td>10</td>
<td>April 3</td>
<td>Uncertainty and Consumer Behaviour II</td>
<td>Ch. 5.3, 17.1</td>
</tr>
<tr>
<td>11</td>
<td>April 8</td>
<td>Production</td>
<td>Ch. 6.1–6.3</td>
</tr>
<tr>
<td>Lecture</td>
<td>Date</td>
<td>Topic</td>
<td>Reading</td>
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<tr>
<td>12</td>
<td>April 10</td>
<td>Returns to Scale, Costs</td>
<td>Ch. 6.3–6.4, 7.1</td>
</tr>
<tr>
<td>13</td>
<td>April 15</td>
<td>Cost of Production I</td>
<td>Ch. 7.1–7.3</td>
</tr>
<tr>
<td>14</td>
<td>April 17</td>
<td>Cost of Production II</td>
<td>Ch. 7.3–7.4</td>
</tr>
<tr>
<td>15</td>
<td>April 29</td>
<td>Profit Maximization I</td>
<td>Ch. 8.1–8.6</td>
</tr>
<tr>
<td>16</td>
<td>May 1</td>
<td>Profit Maximization II</td>
<td>Ch. 8.7–8.8</td>
</tr>
<tr>
<td>17</td>
<td>May 6</td>
<td>General Equilibrium: Exchange</td>
<td>Ch. 16.1–16.3</td>
</tr>
<tr>
<td>18</td>
<td>May 8</td>
<td>Monopoly</td>
<td>Ch. 10.1, 10.3</td>
</tr>
<tr>
<td>19</td>
<td>May 13</td>
<td>Social Cost of Monopoly</td>
<td>Ch. 10.2, 10.4</td>
</tr>
<tr>
<td>20</td>
<td>May 15</td>
<td>Price Discrimination</td>
<td>Ch. 11.1–11.2</td>
</tr>
<tr>
<td>21</td>
<td>May 20</td>
<td>Oligopoly I</td>
<td>Ch. 12.1–12.2</td>
</tr>
<tr>
<td>22</td>
<td>May 22</td>
<td>Oligopoly II</td>
<td>Ch. 12.3–12.4</td>
</tr>
<tr>
<td>23</td>
<td>May 27</td>
<td>Review</td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>May 29</td>
<td>Review</td>
<td></td>
</tr>
</tbody>
</table>

4 Tutorials

Tutorials are an integral part of the subject. They will be used to supplement the lectures and the reading material. They will also be used as a means of improving your understanding of the subject material through an exploration of the critical concepts and the application of these concepts through problem solving.

The tutorials will follow closely the system you are familiar with from other subjects, with blue sheets (containing a set of exercises for review to be done before the tutorial) distributed at the preceding tutorial and pink sheets (containing problems to be completed in the tutorial) distributed each week in the tutorial. Solutions for the blue sheet exercises will be available on LMS the week after they’ve been provided to you. Solutions for pink sheet problems will only be discussed at the tutorial. They will not be uploaded to
LMS. Each tutorial will cover material taught in the previous week’s lectures. They will be conducted on the assumption that students have reviewed the relevant material. Tutorials will commence on Monday March 10, 2014.

4.1 Enrolling in Tutorials

You must enrol in a tutorial using the ISIS Student Timetable. Late enrolment in tutorials is handled by the Commerce Student Centre:

http://fbe.unimelb.edu.au/csc

Any difficulties with respect to the tutorial you have been allocated should be discussed with Ms. Nahid Khan, the tutorial coordinator (room 336, phone 8344-3621, email: n.khan@unimelb.edu.au) and not with your tutor. Once you have been allocated to a specific tutorial, that is the only tutorial you should attend. ‘Shopping around’ is not allowed because of the constraints on numbers of tutorials and numbers of students allowed per tutorial. Marks allocated to you for tutorial participation will be for the tutorial as recorded in the ISIS system. If you are not in the correct tutorial you will not receive any marks.

5 Assessment

Your assessment for this subject comprises the following:

<table>
<thead>
<tr>
<th>Assessment Task</th>
<th>Due</th>
<th>Weighting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assignment 1</td>
<td>3:00 pm April 3</td>
<td>10%</td>
</tr>
<tr>
<td>Within-Semester Test</td>
<td>9:00 am April 14 – 3:00 pm April 15</td>
<td>10%</td>
</tr>
<tr>
<td>Assignment 2</td>
<td>3:00 pm May 8</td>
<td>10%</td>
</tr>
<tr>
<td>Tutorial Participation</td>
<td></td>
<td>10%</td>
</tr>
<tr>
<td>End-of-semester Exam</td>
<td>Final exam assessment period</td>
<td>60%</td>
</tr>
</tbody>
</table>

5.1 Assignments

There will be two (2) assignments that will contribute a maximum of 20% towards your final grade in the subject. Each assignment will consist of a problem set. Assignment 1 will be due at 3:00 pm on April 3 and will be worth 10% of your assessment. Assignment
2 will be due at 3:00 pm on May 8 and will also be worth 10% of your assessment. You are encouraged to work in small groups to complete each assignment and to submit the assignment as a group. All members of a group submitting a single assignment must belong to the same tutorial group and all members of this group will be given the same mark. No more than four (4) students may submit an assignment as a group. Of course, you may choose not to work in a group and submit an assignment on your own. No two groups may hand in the same assignment.

Assignments must be submitted in electronic format to the Commerce Students Centre via the assignment submission tool. You can access the assignment tool in the navigation menu from the LMS page for ECON20002. You will be required to submit these in electronic form by 3:00 pm on the due date. Moreover, you are required to keep a copy of your assignment after it has been submitted, as you must be able to produce a copy of your assignment at the request of your tutor or lecturer at any time after the submission due date.

5.2 Within-Semester Test

There will be a within-semester multiple choice test to be completed online that will contribute a maximum of 10% towards your final grade in the subject. This online test will consist of ten (10) questions to be answered in 30 minutes. The primary objective of this online test is to provide feedback to you on your understanding of the subject material and to help you identify any areas that require further revision.

5.3 Tutorial Marks

Tutorial marks will be allocated according to:

- 5% for participation based on preparation, actively participating in tutorial work, relevance and logic in discussion, and appreciative listening to other students’ contributions and;
- 5% for attendance, with full marks if you miss no more than 2 tutorials and you lose a half mark per extra tutorial missed.

If you miss a tutorial for a medical reason you must try to make up for that tutorial by attending another tutorial and getting a signed note from the tutor. Note that, by attending the alternate tutorial, you can only secure the tutorial attendance marks. Participation marks will only be based on your tutorial performance in your official tutorial.

5.4 End-of-Semester Exam

The end-of-semester exam will contribute 60% towards your final grade in this subject. This exam will be largely based on tutorial and assignment questions (i.e., they will
be modifications, extensions and/or combinations of tutorial and assignment questions). There will be little covered in tutorials which will not be examined. As a result, the tutorial and assignment questions will all be practice examination questions.

5.5 Plagiarism and Collusion

Presenting material from other sources without full acknowledgement (referred to as plagiarism) is heavily penalised. Penalties for plagiarism can include a mark of zero for the piece of assessment or a fail grade for the subject. Plagiarism is the presentation by a student of an assignment identified as his or her own work even though it has been copied in whole or in part from another student’s work, or from any other source (e.g. published books, web-based materials or periodicals), without due acknowledgement in the text.

Collusion is the presentation by a student of an assignment as his or her own work when it is, in fact, the result (in whole or in part) of unauthorised collaboration with another person or persons. Both the student presenting the assignment and the student(s) willingly supplying unauthorised material are considered participants in the act of academic misconduct. For more information, see:


5.6 Late Submission

Late assignments must be accompanied by a completed Request for Special Consideration form. The form must be handed to the Undergraduate Student Centre. Late assignments, where approval for late submission has not been given, will be subject to a mark penalty of 10% per day.

5.7 Special Consideration

Students who have been significantly affected by illness or other serious circumstances during the semester may be eligible to apply for Special Consideration. The following website contains detailed information relating to who can apply for Special Consideration and the process for making an application:

http://fbe.unimelb.edu.au/csc/assistance/special_consideration

Students who wish to apply for Special Consideration in relation to any component of assessment in this subject should lodge an application at the Faculty Office. Forms for this purpose are available at that office. Such applications will be taken into account by the Board of Examiners in the subject. If your application involves illness or a medical condition then generally some type of supporting evidence such as a medical certificate will be required. Note that tutors will not accept medical certificates from students. Students should attach such certificates to their application for Special Consideration when
they lodge the application at the Faculty Office. Application for Special Consideration in relation to a component of assessment must be lodged within 3 working days of the date that component of assessment was due to be submitted/performed. Note that Special Consideration applications for any assessment are only considered in determining the final grade for the subject.

5.8 Group Work

Working in groups can sometimes be more difficult than working individually. However, team-work and organisational skills associated with group work are highly valued by employers. With careful management and ongoing communication, you can have a successful and rewarding experience working in a team.

You should exchange names, phone numbers, and email addresses with your group members straight away. If you have difficulty with a member of your group, you should contact your lecturer as soon as possible. Do not leave issues unresolved until just before or after your group assignment is due. All students within your group will be given the same mark.

6 Further Assistance

6.1 Lecturer and Tutor Consultations

If you need assistance during the semester, you have several options:

Consultation Hours:

My consultation hours: Tuesday and Thursday 1:30 pm – 2:30 pm, Room 333, Level 3, FBE Building.

Tutor consultation hours: Each tutor for this subject will set aside an hour each week (during the weeks that tutorials are scheduled) to meet with students for individual consultation. The times and location for consultation with tutors will be provided on the LMS page. You are encouraged to attend the consultation hours of your own tutor.

Online tutor: The online tutor allows you to direct questions to your tutor/lecturer via the LMS. The online tutor can be accessed 24 hours a day, 7 days a week. Tutors will attempt to answer your question within 24 hours (weekdays only). Your questions and the tutors answers can be accessed by all students in the subject, allowing everyone to benefit from the question and answer. Importantly, your identity will not be revealed to other students. Even if you don’t want to ask a question, you can still view existing questions and answers. Please note that the online tutor is to provide support to students who have tried their best to understand a point in the lectures or the textbook but who are still not satisfied with their own level of understanding. Detailed answers will not be
provided about questions contained in upcoming tutorials.

The online tutor is not designed to replace attendance at tutorials, but rather to complement the tutorial process. Simple questions that can be answered by referring to the prescribed readings will not be answered. You can access the online tutor via:


6.2 Centre for Excellence in Learning and Teaching

The Centre for Excellence in Learning and Teaching offers a wide range of support services to students. If you are having any difficulty in studying for this subject you should arrange a consultation with the Centres learning skills specialist. The learning skills specialist can review your current approaches to study and offer advice on how to adjust to the demands of tertiary study. If you are a student from a non-English speaking background there is an English as a Second Language specialist who is available to help with your written work. Both of these specialists are available for face-to-face consultations or electronically through email. Go to the Faculty office to arrange for consultations or contact the specialists electronically through the Teaching and Learning Unit web page. The web page also contains a wide variety of study skills topics and information sheets for students, and a timetable of up-coming events, including focussed workshops, designed to support Economics and Commerce students in their study.

The Centre for Excellence in Learning and Teaching is located on the 5th floor of the Spot Building (198 Berkeley St). Their website is:

http://fbe.unimelb.edu.au/celt/