ECON2101
Microeconomics 2

Course Outline
Summer School, 2015/2016

Part A: Course-Specific Information

Students are also expected to have read and be familiar with Part B Supplement to All Course Outlines. This contains key information on Business School policies (including those on plagiarism and special consideration), student responsibilities and student support services.
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1 STAFF CONTACT DETAILS

Lecturer-in-charge:

Aleksandra Balyanova

Email: a.balyanova@unsw.edu.au

1.1 Communications with staff

The Lecturer-in-charge is responsible for the overall direction and academic content of the course. Any questions or issues of an academic or administrative nature (i.e. anything other than the assessment results of the review and submission questions) should be directed to the Lecturer-in-charge first.

The Lecturer-in-charge should be contacted by email.

2 COURSE DETAILS

2.1 Course Content

This is an online course. There are 16 units of work to be covered in this course. Two/Three units should be covered each week starting 7 December, 2015.

2.2 Units of Credit

The course is worth 6 units of credit.

2.3 Summary of Course

Decision-making by consumers, producers, and governments lies at the heart of economic analyses. The first half of this intermediate course in microeconomic theory is devoted to the study of rational decision-making and the modelling of associated market behaviour. We then study how individual economic decisions interact in markets with varying degrees of competition, paying substantial attention to the comparative welfare outcomes produced by different market forms. Additional topics include game theory and its applications, and market imperfections like oligopoly and externalities. There is substantial emphasis on the use of analytical and mathematical tools. These tools and the subject material underpin much of the current research in microeconomics.

2.4 Aims and Relationship to Other Courses

This course provides an overview of Microeconomics at an intermediate level, and focuses on the application of microeconomics to the solving of problems. It builds on the foundation established in ECON1101 (Microeconomics 1), and uses mathematical techniques taught in ECON1202 (QABE). It is also an essential prerequisite for ECON3101 (Markets and Public Choice), ECON3107 (Economics of Finance), ECON3123 (Economics of Corporations), and ECON3121 (Managerial Economics). These later courses develop many of the ideas that are first introduced in Microeconomics 2. ECON2112 (Game Theory) is a specialist course complementing the namesake material taught in this course.
2.5 Student Learning Outcomes

The Course Learning Outcomes are what you should be able to do by the end of this course if you participate fully in learning activities and successfully complete the assessment items.

The Learning Outcomes in this course also help you to achieve some of the overall Program Learning Goals and Outcomes for all undergraduate coursework students in the Business School. Program Learning Goals are what we want you to be or have by the time you successfully complete your degree. You demonstrate this by achieving specific Program Learning Outcomes - what you are able to do by the end of your degree. For more information on the Undergraduate Program Learning Goals and Outcomes, see Part B of the course outline.

The following table shows how your Course Learning Outcomes relate to the overall Program Learning Goals and Outcomes, and indicates where these are assessed:

<table>
<thead>
<tr>
<th>Program Learning Goals and Outcomes</th>
<th>Course Learning Outcomes</th>
<th>Course Assessment Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>This course helps you to achieve the following learning goals</td>
<td>On successful completion of the course, you should be able to:</td>
<td>This learning outcome will be assessed in the following items:</td>
</tr>
</tbody>
</table>
| 1 Knowledge                         | Demonstrate an understanding of economic concepts and their appropriate usage; construct economic arguments in terms of these concepts. | • Submission questions  
• Exam                                                   |
| 2 Critical thinking and problem solving | Use appropriate mathematical techniques to construct and solve economic models; apply economic models to the analysis of choice problems and markets. | • Submission questions  
• Exam                                                   |
| 3a Written communication           | Construct written and analytical work which is logically and professionally presented. | • Submission questions  
• Exam                                                   |
| 3b Oral communication              | Communicate ideas in a succinct and clear manner.                                      | Not specifically assessed               |
| 4 Teamwork                         | Work collaboratively to complete a task.                                                | • Online participation                 |
| 5a. Ethical, environmental and sustainability considerations | Understand environmental and sustainability problems arising from non-cooperative decision making among agents/firms/countries | Not specifically assessed               |
| 5b. Social and cultural awareness  | Not specifically addressed in this course                                               |                                        |
3 LEARNING AND TEACHING ACTIVITIES

3.1 Approach to Learning and Teaching in the Course
This course takes the approach that economic theory is best learnt through extensive practice with problem-solving. Students spend much of their energies working through numerical problems that require the direct application of theoretical principles. 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 3.2 (below) provides more detail on Teaching and Learning Strategies for this course.

The online material and assessment tasks have been designed to appropriately challenge students and support the achievement of the desired learning outcomes. Student participation in the online community of the course page is both strongly encouraged and assessed for a mark. Students are encouraged to take responsibility for their own learning.

3.2 Learning Activities and Teaching Strategies
The examinable content of the course is defined by the Text references given in the Lecture Schedule, the content of Lectures, assigned problems in the Workbook and the submission questions.

Lectures
A video lecture is provided for every topic/textbook chapter covered. Lecture slides are also made available for every topic. The purpose of the lecture video and corresponding slides is to provide a logical structure for the topics that make up the course, to emphasise the important concepts, models and methods of each topic, and to provide relevant examples to which the concepts and methods are applied.

Lecture material is complemented by required reading of the appropriate parts of the textbook and the assessment program.

Review Questions from Workbook
Review questions from the workbook are assigned for every chapter covered. These questions are NOT due for a mark, and solutions will be posted. The purpose of the review questions is to give you the opportunity to test your comprehension of a given topic, as well as a chance to familiarise yourself with the format of the exam, which will consist of exercises similar in structure and content to the workbook exercises.

Discussion of the review questions on the online forum is strongly encouraged and assessed for a mark.

Tutorials
A video tutorial is provided for every topic covered. These tutorials consist of the working out of one of the review questions assigned for that week. The purpose of the tutorials is to demonstrate how to apply the theory covered in lecture to exercises, and to guide your own completion of the review questions.

Additional video tutorials may be posted, consisting of the working out of review questions or containing an answer to a commonly-asked question. These additional tutorials will be posted at the discretion of the lecturer, but roughly in response to popular demand. The place to voice questions about the textbook reading, lectures and exercises is the online forum, which will be monitored and participated in by the lecturer.
Submission Questions
Over the course of the term, 3 sets of submission questions will be due for a mark. These submission questions will be posted on the course website sometime at the beginning of the term. The purpose of the submission questions is to give you an additional chance to practice applying the theory to specific numerical exercises, and to give you a chance to receive feedback on your work from the teaching staff.

Recommended studying strategy
The recommended way to approach the material for every topic is as follows:

1. Read the assigned textbook reading.
2. Look over the lecture slides and watch the lecture video.
3. Attempt the review questions on your own, without looking at the solutions.
4. Check your work against the solutions. Keep in mind that it is possible to get the right answer to an exercise for the wrong reasons.
5. Watch the tutorial videos, voice any questions or doubts about the material or the exercises on the online forum.

Please post questions on a given topic during the week that material is covered.
The online nature of the content delivery allows you to go at your own pace, but it is strongly advised that you do not let yourself get behind the schedule. Questions and discussions about the content of a given week will always receive priority, so questions about previous weeks' material will not receive the same attention as those posted in a timely manner.

The primary key to successful learning in this course is self-motivation because it is delivered online. It is strongly recommended that you go through the lecture slides, the lecture recordings AND THE TEXTBOOK.

Mathematical background
Another key to successful learning is familiarity with the quantitative methods at the level of ECON1202; their importance cannot be overemphasised. You are strongly encouraged to review those methods as early in the semester as possible. Note that this course builds up. It is imperative that you build up your maths background for the course. You will find that the course is very heavy on calculus and linear algebra.

The material covered in the first weeks is meant to provide you with a set of analytical and mathematical tools – for this reason, the first weeks may appear less content-heavy than the last weeks. The first weeks move relatively slowly exactly to provide you with the opportunity to familiarise yourself with these tools. Once you’ve mastered the problem-solving tools (constrained maximisation, etc.) covered in the first weeks of the course, you will find that those tools remain useful for the material covered in the last weeks of the course.
4 ASSESSMENT

4.1 Formal Requirements

In order to pass this course, you must:

- achieve a composite mark of at least 50 (out of 100); and
- satisfactorily complete all assessment tasks or submit appropriate documentation relating to your failure to complete a task to the Lecturer-in-charge or other designated staff member(s); and
- achieve a satisfactory level of performance in the final exam. This usually means a minimum mark of 50 per cent. Any student having an overall mark of 50 or more but less than 50 per cent in the final examination will be given an UF grade (unsatisfactory fail) for the course.

4.2 Assessment Details

<table>
<thead>
<tr>
<th>Assessment Task</th>
<th>Weighting</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Submission Question 1</td>
<td>8%</td>
<td>18 December, 2015 23:55 AEDST</td>
</tr>
<tr>
<td>Submission Question 2</td>
<td>8%</td>
<td>15 January, 2016 23:55 AEDST</td>
</tr>
<tr>
<td>Submission Question 3</td>
<td>8%</td>
<td>29 January, 2016 23:55 AEDST</td>
</tr>
<tr>
<td>Online forum participation</td>
<td>6%</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Final examination</td>
<td>70%</td>
<td>As scheduled</td>
</tr>
</tbody>
</table>

4.3 Submission Questions

The submission questions will be due in 2-week intervals. You are expected to complete and submit ALL assigned homework questions. All three assignments will be available on the course website from the beginning of the term. The grading will depend on the evidence of conscientious attempts; please show all relevant workings for each question. Just showing the answer with no working will result in 0 marks for that question. Questions have equal weight in points.

Unlike the review questions (which you are encouraged to discuss with your classmates), you are expected to complete submission questions on your own. Each student must submit his or her own answers, and evidence of excessive collaboration (such as identical answer sheets with identical errors) will be penalised.

4.4 Submission procedure

You are to submit each assessment task via the link specified on the course website. You should keep a copy of all work submitted for assessment, and to keep returned marked assignments. The due dates and time can be found in section 4.2.
PLEASE SUBMIT FILES IN PDF FORMAT WITH YOUR NAME, ID AND EMAIL ADDRESS AT THE TOP. Files submitted in another format will be accepted for a mark, but feedback will not be given. Similarly, if you wish to receive your submission questions back with feedback, please provide an email address to which this document can be sent. Files submitted in PDF format with an email address will receive feedback directly on the answer sheet.

4.5 Late Submission
If you fail to submit by the due time you will be given a mark of zero.

Late submission will be considered only in extreme circumstances. Any student who, for reasons of serious illness, cannot submit before the submission date, will need full and convincing documentation of that illness, specifically a valid medical certificate which covers the period 4 days prior to the submission deadline. In cases where students have applied for special consideration, assignments must still be submitted within five days of the submission date or they will not be marked, i.e. they will receive a mark of zero.

Applications for special consideration for late submission must be provided to the Lecturer-in-charge by email within 3 days of the submission date.

Students should also note that satisfactory performance in the course to that time will be taken into account by the Lecturer-in-charge in deciding whether to approve an application for consideration.

Employment obligations or holiday plans of any kind are not acceptable reasons for absence from any assessment.

Applications for special consideration (final exam only) must be lodged online through myUNSW within 3 working days of the assessment (Log into myUNSW and go to My Student Profile tab > My Student Services channel > Online Services > Special Consideration). Then submit the originals or certified copies of your supporting documentation and a completed Professional Authority form (pdf - download here) to Student Central.

4.6 Online forum participation
You are expected to actively participate in the online forum of the course. You can ask questions about the material, answer other students’ questions, or discuss anything related to microeconomics. Constructive contributions on a regular basis (multiple times per week) throughout the term should be sufficient for full marks in this assessment.

4.7 Final Exam
The final exam will be worth 70 per cent of total marks for the course. It will be conducted in the University examination period. The timetable for this will be published by the UNSW Examination Branch. The final exam will be held in the University examination period and will be 2 hours long. The final exam will cover material from the entire course.

Final results for this course will be emailed to you. They will not be posted or transmitted to you in any other manner. This is the policy of the School of Economics. Requests for early results will not be granted.
Some students require a credit in Microeconomics 2 in order to obtain accreditation for other courses. You should note that this does not provide grounds for requesting reconsideration of your mark in Microeconomics 2.

Travel/Employment obligations of any kind are not acceptable reasons for absence from the final examination.

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

### 4.8 Quality Assurance

The Business School is actively monitoring student learning and quality of the student experience in all its programs. A random selection of completed assessment tasks may be used for quality assurance, such as to determine the extent to which program learning goals are being achieved. The information is required for accreditation purposes, and aggregated findings will be used to inform changes aimed at improving the quality of Business School programs. All material used for such processes will be treated as confidential.
5 COURSE EVALUATION AND DEVELOPMENT

Each year feedback is sought from students and other stakeholders about the courses offered in the School and continual improvements are made based on this feedback. UNSW’s Course and Teaching Evaluation and Improvement (CATEI) Process is one of the ways in which student evaluative feedback is gathered. You are strongly encouraged to take part in the feedback process.

6 COURSE RESOURCES

The website for this course is:
https://www.openlearning.com/courses/intermediatemicroeconomics

Students should also familiarise themselves with Moodle, as some course information will also be accessible there:
http://moodle.telt.unsw.edu.au

Students are expected to:

- Make sure that they are officially enrolled in Microeconomics 2
- Familiarise themselves with Moodle
- Access the OpenLearning site daily as the site will contain important announcements about the course, as well as all of the course material.

It will be assumed that all students have seen any notice posted on the course website.

Textbook and Workbook

The prescribed textbook for this course is:

The prescribed workbook for this course is:


Students must obtain access to both the textbook AND the workbook.
# COURSE SCHEDULE

The formal teaching periods are from 7-18 December 2015 and 4 January - 29 January 2016, but assistance will continue to be available during the ‘study period’ of 1-4 February 2016.

<table>
<thead>
<tr>
<th>Week</th>
<th>Date</th>
<th>Topic</th>
<th>Reference (Varian)</th>
<th>Review questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>7 Dec 2015</td>
<td>Introduction&lt;br&gt;Budget constraint&lt;br&gt;Preferences&lt;br&gt;Utility</td>
<td>Ch. 2&lt;br&gt;Ch. 3&lt;br&gt;Ch. 4</td>
<td>Ch 2: 1,3,5,7,12&lt;br&gt;Ch 3: 1,2,3,5,7,8,13&lt;br&gt;Ch 4: 1,2,3,6,9,10</td>
</tr>
<tr>
<td>2</td>
<td>14 Dec 2015</td>
<td>Choice&lt;br&gt;Demand&lt;br&gt;Market Demand</td>
<td>Ch. 5 (skip 4, 6)&lt;br&gt;Ch. 6&lt;br&gt;Ch. 15 (1, 2, 5, 6 only)</td>
<td>Ch 5: 1,2,3,4,7&lt;br&gt;Ch 6: 1,2,3,5,7&lt;br&gt;Ch 15: 0,1 (a through d)</td>
</tr>
</tbody>
</table>

Submission Question 1 is due 18 December 2015, 23:55 AEDST

Christmas shutdown—21 Dec 2015 to 3 Jan 2016

| 3    | 4 Jan 2016 | Consumer Surplus<br>Technology<br>Profit Maximization | Ch. 14<br>Ch. 19<br>Ch. 20 (skip 11) | Ch 14: 1,3,5,6,7<br>Ch 19: 1,2,3,4,9,11<br>Ch 20: 1,2,3,10 |
| 4    | 11 Jan 2016| Cost Minimisation<br>Cost Curves<br>Firm Supply       | Ch. 21<br>Ch. 22<br>Ch. 23 | Ch 21: 1,2,3,4,9<br>Ch 22: 1,2,3,4,8,9<br>Ch 23: 1,2,3,4,7 |

Submission Question 2 is due 15 January 2016, 23:55 AEDST

| 5    | 18 Jan 2016| Industry Supply<br>Equilibrium<br>Monopoly            | Ch. 24 (skip 10, 11)<br>Ch. 16<br>Ch. 25<br>Ch. 26 (1, 2, 4 only) | Ch 24: 4,5,7,8,9<br>Ch 16: 1,2,3,4<br>Ch 25: 1,2,4<br>Ch 26: 1,2,3,5 |
| 6    | 25 Jan 2016| Game Theory<br>Oligopoly<br>Externalities            | Ch. 29<br>Ch. 30 (1, 2, 3, 4 only)<br>Ch. 28 (skip 3, 7, 8)<br>Ch. 35 (3, 4, 5 only) | Ch 29: 1,2,5,6<br>Ch 30: 2,4,5<br>Ch 28: 4,5,6,7<br>Ch 35: 2,5,8,9 |

Submission Question 3 is due 29 January 2016, 23:55 AEDST