Unit Outline*

ECON1101
Microeconomics: Prices & Markets

Semester 2, 2011
Campus: Crawley

Unit Coordinator
Andrew Williams

Business School
www.business.uwa.edu.au

* This Unit Outline should be read in conjunction with the Business School Unit Outline Supplement available on the Current Students web site http://www.business.uwa.edu.au/students
UNIT DESCRIPTION

Introduction

Microeconomics, Prices and Markets addresses the economic decisions of individual firms and households and how they interact in markets. This unit requires no prior knowledge of economics, and relies heavily on graphical theoretical analysis to show the theories that underpin the behaviour of consumers and firms.

Unit content

By looking at markets from the point of view of the consumers (demand) and businesses (supply), we will see how the free interaction of these two forces in a competitive environment combine to provide society with the greatest benefit from the given resources we have at our disposal. We shall also look at the consequences of monopoly power and cases of market failure.

The goal of the unit

The goal of this unit is to provide students with the analytical tools to examine complex economic and social issues within a simple economic framework.

Learning outcomes

On completion of this unit you should be able to:

• recognise the opportunity cost of a planned action
• use simple diagrammatic models to predict economic outcomes
• explain why lowering price does not always increase revenue
• demonstrate the concept of economic costs
• describe the process of price determination and explain how it is affected by particular market structures
• distinguish degrees of competitiveness in the market for particular goods and services, and explain why competitiveness promotes economic efficiency
• identify the ways in which concentration of market power erodes consumer sovereignty
• define market failure and assess the various ways in which it can be remedied.

Educational principles and graduate attributes

In this unit, you will be encouraged and facilitated to develop the ability and desire to:

1. develop disciplinary and interdisciplinary knowledge and skills through study and research-based enquiry, at internationally recognised levels of excellence
   • to think, reason and analyse logically and creatively
   • to question accepted wisdom and be open to innovation

2. further develop the skills required to learn, and to continue through life to learn, from a variety of sources and experiences
   • to develop attitudes which value learning
   • to acquire skills in information literacy.

3. communicate clearly, effectively and appropriately in a range of contexts
   • to develop spoken and written English communication skills at high levels
   • to acquire skills in critical literacy and interpersonal communication.
TEACHING AND LEARNING RESPONSIBILITIES

Teaching and learning strategies
In essence, the study of microeconomics requires you first of all to learn the theory and models underlying individual markets. However, of equal importance is your ability to be able to use these theories and apply them to specific situations.

The teaching in this unit relies largely on lectures (2 per week) and tutorials (1 per week). The lectures are designed to help you understand the content of the material covered in this unit. There are also a small number of on-line lectures, where you are not expected to attend in person, but will be required to listen to as we go through the course. The tutorials are designed to help further your understanding of lecture content and apply the material you have learned in the lectures to specific problems. We ask you to attempt every tutorial question BEFORE class as models are best learned by trial and error. In the tutorials you will then discuss the answers.

Teaching and learning evaluation
You may be asked to complete two evaluations during this unit. The Student Perception of Teaching (SPOT) and the Students’ Unit Reflective Feedback (SURF). The SPOT is optional and is an evaluation of the lecturer and the unit. The SURF is completed online and is a university wide survey and deals only with the unit. You will receive an email from the SURF office inviting you to complete the SURF when it is activated. We encourage you to complete the forms as your feedback is extremely important and can be used to make changes to the unit or lecturing style when appropriate.

Attendance
Participation in class, whether it be listening to a lecture or getting involved in other activities, is an important part of the learning process, therefore it is important that you attend classes. More formally, the University regulations state that ‘to complete a course or unit students shall attend prescribed classes, lectures, seminars and tutorials’.

CONTACT DETAILS
We strongly advise students to regularly access their student email accounts. Important information regarding the unit is often communicated by email and will not be automatically forwarded to private email addresses.

<table>
<thead>
<tr>
<th>Unit coordinator/lecturer</th>
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<tbody>
<tr>
<td><strong>Name:</strong> Andrew Williams</td>
<td></td>
</tr>
<tr>
<td><strong>Email:</strong> <a href="mailto:andew.williams@uwa.edu.au">andew.williams@uwa.edu.au</a></td>
<td></td>
</tr>
<tr>
<td><strong>Phone:</strong> 6488 3859</td>
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<tr>
<td><strong>Consultation hours:</strong> TBA</td>
<td></td>
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<tr>
<td><strong>Lecture times:</strong> Mon 12 noon – 2pm</td>
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<tr>
<td><strong>Lecture venue:</strong> Wesfarmers Lecture Theatre</td>
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TEXTBOOK(S) AND RESOURCES

Unit website

Most of the learning materials for this unit are available to you online through WebCT. You can access these resources by logging on to the WebCT site, via a campus computer or from your home computer. We encourage you to visit this site regularly. You can reach the WebCT site directly by going to the following link: http://www.webct.uwa.edu.au.

At the WebCT Welcome screen, you can move to your personal WebCT screen (called “My WebCT”). You will be prompted for a login name and password. Your login name will be your student number. Any letters must be in upper case (capitals) and do not include the slash. Your password will be your student PIN. Note that your login and password must be kept confidential. If you forget your password please contact http://students.webct.uwa.edu.au for assistance. Do NOT contact the Economics Department, as we do not handle student access.

When you have finished using WebCT, be sure to quit completely from the browser that you are using, otherwise other people may have access to your account.

What’s on the WebCT site?

You can access WebCT for these main features:

Lectopia recordings. These are audio-visual recordings of each lecture. We encourage students to use this facility when you have to miss a lecture, or when you don’t understand a particular topic and want to revise. Please note that you will need to download the appropriate media software to view these lectures (please refer to the Lectopia web site for details). To access Lectopia, simply click on the link we have provided on the home page of the WebCT site.

NOTE: there are also four Lectopia-only recordings during the semester. Whilst the lecture notes are in your Workbook, we will not be going through these in lectures. The material, however, is examinable.

Multiple choice practice quizzes. You are under no obligation to do these questions, but they will help you in your study for the mid semester and final exams.

Additional short answer questions. These questions will not be attempted in your tutorials, however, they are based on past tutorial and exam questions, and so should provide a useful study tool for your exams. You will find these questions at the end of each Tutorial Set (see ‘Tutorial Questions’), and the answers (in pdf) can be found in WebCT.

Miscellaneous information, announcements etc. It is advised that you check WebCT regularly for information and announcements (for example, mid semester exam, essay and final exam information).

Discussion board. The discussion board is an online forum where students can ask questions, receive help, and help others with problems they are experiencing. Staff will be overseeing the activities on the discussion board to answer questions and to make sure responses provided by
others are appropriate and correct. Please note that students cannot remain anonymous on the discussion board, and your names will appear next to your messages. Any student who uses the discussion board in a manner that is not appropriate will be notified.

**Recommended/required text(s)**


The course access code to MyEconlab is: **XL0P-81BE-901Y-0022**

Students will still need a student access code for the unit as well which can be obtained with the purchase of the text book.

**Note** This is the same text book as that used for ECON1101, Semester 2, 2010. The text is available in a number of different formats. It is up to you to decide which one suits your needs best. This text is available as:

1. **Hubbard Microeconomics text including MyEconLab**
   You can purchase the Hubbard Microeconomics text at the UWA Campus Bookshop. Purchase of this textbook includes a student access code to MyEconLab. The RRP of Hubbard is $133.52 ($122.84 with Co-op discount).

2. **MyEconLab (including e-book) Standalone Student Access Code (RRP $79.95)**
   You can purchase standalone access to MyEconLab including pdf of the text for $76.95. The pdf text is different to the Vitalsource ebook in that it is not searchable and it can only be accessed whilst online. Once you register your access code you will have access to MyEconLab and the Hubbard pdf’s for 18 months.

3. **MyEconLab Standalone Student Access Code (RRP $32.95)**
   You can purchase standalone access to MyEconLab without the text book the access code to MyEconLab. This would be suitable for students who are using a second hand text book and wish to have access to MyEconLab.

4. **VitalSource Hubbard Microeconomics ebook (RRP $66.95)**
   With VitalSource ebooks you don’t need to be online to access your textbook. You can access your e-book offline via the Bookshelf software (downloaded free of charge) from your own computer. Once the Vitalsource Hubbard ebook is downloaded to your computer you have access to that e-book forever. This version of the text book will not provide you access to MyEconLab.

**Note 1:** There is also a Lecture Note Book which can be purchased for a nominal fee from the Bookshop. This is not compulsory (all the information is available on WebCT), however, it may be useful to have all the material bound together, so we would encourage you to purchase a copy.

**Note 2:** If you purchase a second hand copy of the text, you will need to buy the Access Code for the MyEconLab website (see above for details).
## UNIT SCHEDULE

<table>
<thead>
<tr>
<th>Week #</th>
<th>Topic</th>
<th>Seminar/tutorial/questions</th>
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</table>
| 1 1<sup>st</sup> August | Introduction  
Introduction  
[Online lecture: PPF and Trade] | None |
| 2 8<sup>th</sup> August | How Markets Work  
How Markets Work | None |
| 3 15<sup>th</sup> August | How Markets Work  
How Markets Work | Tute 1: Intro |
| 4 22<sup>nd</sup> August | How Markets Work  
Government Intervention in Markets | Tute 2: How Markets Work |
| 5 29<sup>th</sup> August | Government Intervention in Markets  
Government Intervention in Markets | Tute 3: How Markets Work |
| 6 5<sup>th</sup> September | Government Intervention in Markets  
Government Intervention in Markets | Tute 4: Govt Intervention I  
TUTE QUIZ 1 |
| 7 12<sup>th</sup> September | Consumer Behaviour  
Consumer Behaviour  
[Online lecture: Cardinal analysis]  
MID SEMESTER EXAM  
(FRIDAY, 16<sup>th</sup> Sept.) | Tute 5: Govt Intervention II |
| 8 19<sup>th</sup> September | Production and Costs  
Production and Costs | Tute 6: Consumer Behaviour |
| 26<sup>th</sup> September | Study Break |  |
| 9 3<sup>rd</sup> October | Perfect Competition  
Perfect Competition  
Review of Mid Semester Exam |
| 10 10<sup>th</sup> October | Monopoly  
Monopoly | Tute 8: Perfect Competition |
| 11 17<sup>th</sup> October | Monopoly  
Monopolistic Competition | Tute 9: Monopoly |
12
24th October
Monopolistic Competition
Oligopoly and Strategic Behaviour
Tute 10: Monopoly 2
TUTE QUIZ 2

13
31st October
Oligopoly and Strategic Behaviour
REVIEW LECTURE
Tute 11: Mon Comp / Oligopoly

1st August (Monday) – Micro 1101 lectures commence;
15th August (Monday) – Tutorials begin;
5th – 9th September – Quiz 1;
16th September (Friday) – Mid Semester Exam: 4pm;
26th – 30th September – Non-teaching study break (no tutorials);
14th October (Friday) – Essay due, 12 noon;
24th – 28th October – Quiz 2;
4th November (Friday) – last day of semester.

ASSESSMENT MECHANISM

The purpose of assessment

There are a number of reasons for having assessable tasks as part of an academic program. The assessable tasks are designed to encourage you to explore and understand the subject more fully. The fact that we grade your work provides you an indication of how much you have achieved. Providing feedback on your work also serves as part of the learning process.

Assessment mechanism summary

<table>
<thead>
<tr>
<th>Item</th>
<th>Weight</th>
<th>Due date</th>
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<tbody>
<tr>
<td>Tutorial participation</td>
<td>5%</td>
<td>Weekly (starting in Week 3 of semester)</td>
</tr>
<tr>
<td>Tutorial quizzes (2)</td>
<td>10%</td>
<td>Quiz 1: Week beginning 5th September</td>
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<tr>
<td></td>
<td>(5% each)</td>
<td>Quiz 2: Week beginning 24th October</td>
</tr>
<tr>
<td>Mid semester exam</td>
<td>25%</td>
<td>16th September (4pm, venues TBA)</td>
</tr>
<tr>
<td>Essay assignment</td>
<td>20%</td>
<td>Friday, 14th October, 12 noon</td>
</tr>
<tr>
<td>Final exam</td>
<td>40%</td>
<td>Venue, day and time available on Student Connect</td>
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Note 1: Results may be subject to scaling and standardisation under faculty policy and are not necessarily the sum of the component parts.

Note 2: Your assessed work may also be used for quality assurance purposes, such as to assess the level of achievement of learning outcomes as required for accreditation and audit purposes. The findings may 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, and the outcome will not affect your grade for the unit.
**Assessment components**

Assessment item #1: **Tutorial preparation and participation (5%)**

This mark will be determined on the basis of your attendance and participation in tutorial discussions during the tutorials you will attend during the semester. We expect you to have tried to answer each tutorial question. Each weekly mark will then be averaged and amended by your tutor on the basis of performance.

Tutors have been advised to award the entire range of marks between 0/5 (non-attendance) and 5/5. Your ability to present your answers and opinions to the tutorial group will also contribute to your final mark.

Assessment item #2: **Tutorial quizzes (10%)**

There will be one multiple choice quiz in Week 6 (week beginning 5th September), and one in Week 11 (week beginning 24th October). Each will be worth 5% of your final grade. These quizzes will be run during the tutorials, and will last 15 minutes. Therefore students should make every effort to go to their scheduled tutorial for that week. If you are ill on that day, you must attend another tutorial that week, and a medical certificate must be provided to the tutor before you will be allowed to sit the test.

Assessment item #3: **Mid semester exam (25%)**

Date: Friday 16th September.

Time: 4pm

Venues TBA

**NOTE** Some students will have laboratory classes that may clash with the Friday afternoon exam. Please check with the Economics General office during the preceding weeks to arrange an alternative time. Students will be advised of the format of the exam beforehand.

Assessment item #4: **Essay (20%)**

You will be required to complete a 1,500 word essay. The topic will be announced later in the semester. The submission deadline for all essays is **12 noon, Friday 14th October**. Students MUST keep to the allocated word limit. Work exceeding this word limit will be **penalised at the rate of 1 mark per 100 words over**.

Extension Policy: Extensions will only be considered (although not necessarily approved) if supported in writing (if on medical grounds a medical certificate should be presented). Applications for extension should be addressed to the course co-ordinator and submitted to the general office. Extensions must be requested at least three University working days before the due date unless unavoidable reasons apply (such as illness) when notice must be given as soon as possible. Work submitted after the due date **will attract a penalty of 10% per calendar day late**.

Plagiarism, Copying or Cheating: All forms of plagiarism, copying and cheating are condemned by the University as unacceptable behaviour – see notes below.

Appeals: All appeals against your essay mark must be submitted to the course co-ordinator within **4 working days of you receiving it**. Your letter must give the specific grounds on which you are making your appeal.

Assessment item #5: **Final exam (40%)**

Details of exam format will be provided nearer the date.

**Deferred exams:** Unless you are ill on the day of the exam, deferment must be arranged well in advance and in writing. For the Mid-semester Exam see the Course controller, for the Final Exam
see the Sub-Dean at the Student Centre. **If sick on the day ask someone to contact the general office to register your illness.** Acceptable grounds for deferment:-

- Medical incapacity (certificate required)
- Representation at state or national sporting event (with evidence)
- Death in the family or close friend
- Proven timetable clash

**Submission of assignments**

Submit your assignment in an electronic format by going to the Uniprint web site [www.uniprint.uwa.edu.au](http://www.uniprint.uwa.edu.au), then click on “Student Assignments” and follow the instructions.

**Student Guild**

Phone: (+61 8) 6488 2295  
Facsimile: (+61 8) 6488 1041  
E-mail: [enquiries@guild.uwa.edu.au](mailto:enquiries@guild.uwa.edu.au)  
Website: [http://www.guild.uwa.edu.au](http://www.guild.uwa.edu.au)

**Charter of Student Rights and Responsibilities**

The Charter of Student Rights and Responsibilities outlines the fundamental rights and responsibilities of students who undertake their education at UWA (refer [http://handbooks.uwa.edu.au/undergraduate/poliproc/policies/StudentRights](http://handbooks.uwa.edu.au/undergraduate/poliproc/policies/StudentRights)).

**Appeals against academic assessment**

The University provides the opportunity for students to lodge an appeal against assessment results and/or progress status (refer [http://www.secretariat.uwa.edu.au/home/policies/appeals](http://www.secretariat.uwa.edu.au/home/policies/appeals)).