

MICROECONOMICS 2 – ECON2101

First Semester - 2009

Lecturer	Paul Chen	Arndt 1020	Phone 6125 4937
Head Tutor	Vipin Arora	Arndt 2005	Phone 6125 7251
Administrative Assistant	Terry Embling	Arndt 1013	Phone 6125 0384
Lecture Times	T 4-5pm	MCC T2	
	W 1-2pm	MCC T1	
	Th 4-5pm	MCC T1	
Main Text	Michael L. Katz and Harvey S. Rosen, <i>Microeconomics</i> , 3 rd ed., International ed., Boston: McGraw-Hill, 2005.		
Supplementary Reference	Robert Rosenman, <i>Study Guide to Accompany Microeconomics 3rd Ed. by Katz and Rosen</i> , Boston: McGraw-Hill, 1998.		

General Information

This course aims to provide a solid understanding of basic microeconomic theory and the ability to apply those tools and ideas. Training in economic analysis will be provided by weekly tutorials that go over sets of problems that cover material discussed in the previous week of lectures.

Attendance at lectures and tutorials is expected. Students are responsible for all material and announcements that they miss due to absence. Audiotapes of the lectures with copies of lecture slides will be available at Chifley Library Reserve Collection generally by Monday of the following week. Lectures will be held during all 13 teachings weeks of the semester.

Tutorials will meet weekly beginning in Week 2. Tutorial enrolment will be organised by the Electronic Teaching Administrator (ETA) which can be accessed at <http://eta.fec.anu.edu.au>. Starting approximately at 9am on Wed, February 25th and ending not beyond Week 2 of the semester, ETA tutorial enrolment for this course will be open. After that period, tutorial changes will only be considered under exceptional circumstances and must be approved by Terry Embling, the course administrator. Students must attend the tutorial section that they are enrolled in.

The course handouts, tutorial assignments, and a past exam are available on the web at: <http://teaching.fec.anu.edu.au/econ2101/>.

How to Learn the Material

To learn the material, it is necessary but not sufficient to attend lectures regularly and do the assigned readings. Readings will be announced in advance and a quick read of

those pages before the lecture will have a high payoff. Use the lectures as a guide to material which is important and/or may be difficult for the student to understand.

As indicated earlier, a crucial component of the course is the ability to analyze a situation using microeconomic tools. Learning-by-doing is the best way to achieve this ability which is fostered by doing the tutorial problems BEFORE attending the tutorial. Learning how to problem solve is not acquired by merely copying down the answers provided in the tutorial. Questions at the end of each chapter in the text provide additional practice in problem solving. Some students may find it helpful to purchase the *Study Guide* for the Katz and Rosen text which provides a review of the reading material and an additional source of questions.

Asking questions in tutorial is encouraged. Tentatively, tutor(s) will be available in Arndt 1002 on Mondays at 2-5pm and Tuesdays at 2-4pm to provide assistance in learning the material. Help is available with the expectation that the student has attended lecture, kept up with the reading, and made a serious effort in answering the tutorial questions. Tutors can not make up for the lack of student effort.

Assessment

Your course mark will be based on four components:

(1) *Final Exam* – 65% or 75% of course mark

The final exam will cover material presented throughout the semester and will be held during the university examination period. Whether the final exam will count 65 or 75% of your course mark is explained below under (2).

(2) *Three In-Class Tests* – 20% or 30% of course mark

Three tests will be held in lecture during the semester. Tentatively, they will take place in Weeks 5 (Tue, March 24th), 8 (Tue, April 28th), and 11 (Tue, May 19th) of the semester. They will focus on material in the preceding three or four weeks and provide a means of continuous assessment. The three test marks will count toward an aggregate 30% of your course mark with the final exam counting 65% or, if it benefits the student, the best two of the three tests will count toward an aggregate 20% of your course mark with the final exam counting 75%.

(3) *Tutorial Assignments* – 3% of course mark

For three weeks during the semester (tentatively, Weeks 3, 7, and 12), you must place a copy of your tutorial answers in a designated box for your tutor outside Arndt 1013 by 4pm of the Tuesday after the assignment is distributed. Students who are assigned to tutorials meeting before 4pm on Tuesday must hand in their answers in tutorial. They will be graded as Satisfactory (S, 1% of course mark), Unsatisfactory (U, 0.4% of course mark), or No Credit (NC, 0% of course mark). Satisfactory means a serious attempt made to keep up with the material and answer all the questions. Your answers should be clearly and neatly written and concise. NO credit for late assignments. Because of the grading demands on your tutor, no written comments on your answers will be provided but be sure to ask your tutor if you have any questions.

NB: Academic honesty is required. Working with (not off of) others is encouraged BUT be sure your answer is in your own words and can not be mistaken as a copy of another student's. It is the student's responsibility that answers not appear to be too similar.

(4) *Group Presentations* – 2% of course mark

Twice during the semester you will present along with two to four classmates in your tutorial section an answer to one of the tutorial questions. Random assignment to groups and which weeks to present will be decided in Weeks 4 and 8 by your tutor so be certain to attend tutorial during those weeks as well as the weeks that you present. How to present, what to present, and who is to present are issues to be addressed by your group with marks to be shared equally among the group member unless the group decides otherwise. Some helpful presentation advice is available on the course webpage. Your presentation should be no more than ten minutes in length.

Each presentation will be graded as Satisfactory (1% of course mark), Unsatisfactory (0.4% of course mark), or No Credit (0% of course mark).

The motivation behind the final examination and in-class test components are means to assess a student's understanding and mastery of the material. One of the primary goals behind the handing in of tutorial assignments and group presentations is to encourage students to work on and attend tutorials which is vital in succeeding in this course. For the tutorial assignments, it is not expected that students will have necessarily mastered the material at that stage. However, most students who make a serious effort to keep up with the material and prepare for their presentation can expect to achieve a Satisfactory grade and full marks for the latter two components.

Sickness

If you are ill on the day of an in-class test, then you must obtain a medical certificate and give it to Terry Embling in Arndt 1013. This must be done as soon as possible following the period of absence covered in the certificate. For the in-class tests and especially for the final exam, a medical certificate does not automatically guarantee that a special examination will be granted. Due to past abuse, the medical certificate is only one of many factors which are taken into account when requests for special examination are considered.

Honours

To take this course at the honours level (ECON2111 – Microeconomics 2(H)) involves an additional lecture and tutorial per week. Topics supplementary to those covered in the pass component will be presented. The honours course is highly recommended to students who consider pursuing the fourth year honours programs in economics or applied economics or who wish to become professional economists.

The grade in the honours course is a weighted average of marks in the pass and honours components. For students who are enrolled in Microeconomics 2(H) and have a higher grade at pass level than the honours grade to be awarded, the student can opt to transfer to Microeconomics 2(P) and have the pass grade awarded. Participation in the honours component does not exempt the student from the requirements of the pass component. A student must pass the pass component to receive an honours grade. The honours lectures will be given by Shane Evans.

Lectures will be given on Wednesdays at 3-4pm in Arndt LT2 beginning on February 25th. A course outline and further details are available on the web.

TENTATIVE COURSE OUTLINE

- I. Consumer Behaviour (13 Lectures)
 - A. Consumer Choice – Chapter 2 (3-4 Lectures)
 - B. Comparative Statics and Demand – Chapter 3 (2-3 Lectures)
 - C. Price Changes and Consumer Welfare – Chapter 4 (3 Lectures)
 - D. Consumption and Savings – Chapter 5 except 5.1 (2 Lectures)
 - E. Choice under Uncertainty – Chapter 6.1 – 6.3 (2 Lectures)

- II. Firm Behaviour (5 Lectures)
 - A. The Firm and Its Goals – Chapter 7.1 – 7.2, pp. 225-227 (1 Lecture)
 - B. Technology and Production – Chapter 8 (2 Lectures)
 - C. Cost in the Short Run and Long Run – Chapter 9 (2-3 Lectures)

- III. The Competitive Model (7 Lectures)
 - A. The Price Taking Firm – Chapter 10 (2 Lectures)
 - B. Equilibrium in Competitive Markets – Chapter 11 (2-3 Lectures)
 - C. General Equilibrium and Welfare – Chapter 12 (2-3 Lectures)

- IV. Market Power (5 Lectures)
 - A. Monopoly and Monopsony – Chapters 13 and 14.3 (3 Lectures)
 - B. Oligopoly and Strategic Behaviour – Chapter 15.1 – 15.2 (2 Lectures)

- V. Externalities and Public Goods – Chapter 18 (3 Lectures)