

School of Economics and Finance (SEF)

ECON 140 Economics and Strategic Behaviour

Third Trimester 2005

COURSE OUTLINE

Contact Details

Below are the contact details for the staff co-ordinating and teaching ECON 130.

Mrs Penelope de Boer
100-Level Course Director
Rm 129, Easterfield Building (EA129, Kelburn), Ph: 463 7449 or
Rm 319, Rutherford House (RH319, Pipitea), Ph: 463 5818
E-mail: Penelope.deboer@vuw.ac.nz
Mobile: 021 071 3621 (You are welcome to send text messages but please do not leave any voice messages on her mobile as these will not be retrieved).

Mr Adrian Slack
Lecturer
Rm 315, Rutherford House (RH315, Pipitea), Ph 463 5233, Extn 8571
E-mail: Adrian.slack@vuw.ac.nz

Class Times and Room Numbers

The duration of the course is 4 January, 2006 until 18 February 2006. Lectures will be held on Monday, Tuesday, Wednesday and Thursday at 4:10pm to 6pm in KK, LT303. Each of these hours counts as one lecture in the lecture schedule.

The final examination will be held in the period, 13 – 18 February 2006

Course Objectives

ECON 140 includes material from microeconomics (18 lectures) and macroeconomics (18 lectures).

Tutorials are groups of ten students and a tutor meeting for fifty minutes once a week. They provide a forum for discussing problems and working through exercises. You will be allocated to a tutorial group during the first week of lectures. Instructions will be given on Blackboard as to how to sign up for these. Students who neglect to put their names on a tutorial list before Friday 6 January of the first week, will then have to contact Penelope De Boer directly (via email only).

Tutorials commence on Monday, 9 January.

Tutorial exercises and discussion material are specified in the coursebook. The exercises have been designed to give structure to the tutorial sessions and to provide a focus for discussion, but it is expected that tutorials will range beyond them.

You are expected to prepare for tutorials by keeping up with the prescribed reading and by attempting the exercises in advance of your session. You should attempt, in writing, the questions before attending your tutorial. Tutorials are also your opportunity to raise and clarify any problems you may have with the material covered in lectures.

You must attend regularly the tutorial group to which you are assigned. If because of work or timetable clashes, you are no longer able to attend your allocated tutorial, you must notify Penelope de Boer, and you may then be able to change your tutorial.

Course Content

Note that this is a broad outline only. It is sufficient to enable students to read ahead of lectures and put themselves in a position to benefit from lectures. However, individual lecturers will sometimes deviate from the order given here. NOTE: these are 50 minute lectures. **Lectures start on January 4 2006.**

Lectures	Topics	Reading
1-3	Asymmetric information rational search, the lemons problem the costly-to-fake principle, signalling, moral hazard, adverse selection.	Frank and Bernanke chapter 12
4-6	Pricing price discrimination, peak-load pricing, pricing at short- versus long-run marginal cost.	Begg §§8-9,14-3 and 18-2
7-9	Game Theory dominant-strategy equilibrium, Nash Equilibrium, Prisoners' Dilemma, co-operation, reaction function, commitment (not Bertrand)	Begg §§9-4 to 9-7
10-12	Efficiency, regulation and market power Pareto efficiency, market failure the second best, producer and consumer surplus, deadweight loss, social costs of monopoly, competition policy, mergers, natural monopoly, nationalization, government failure, regulation.	Begg §§15-1 to 15-4, 17-3 to 18-3
13-15	Consumer Theory budget lines, indifference curves, a consumer's optimal choice, changes in income and prices.	Begg Ch 5
16-18	Application of indifference curves labour supply, isoquants, saving	Begg §10-4, app to ch 10, §12-3
19-21	Monetary and Fiscal Policy monetary policy, the transmission mechanism, the IS-LM model, Taylor rules, fiscal policy.	Begg §§23-3 to 23-7 and ch 24

Lectures	Topics	Reading
22-24	The Determination of Output and Inflation the macroeconomic demand schedule, long-run and short-run aggregate supply, determination of output and inflation, the Phillips curve.	Begg ch 25, §26-4, Mushin ch 9
25-27	Exchange Rates, Open Economy Macroeconomics fixed and floating exchange rates, monetary policy in an open economy.	Begg ch 29 and §34-3
28-30	Economic Growth determinants of growth, neo-classical growth, endogenous growth	Begg ch 30
31-33	Business Cycles trend vs. cycles, the output gap, the accelerator model, real business cycles, persistence.	Begg ch 31
34-36	Macroeconomic Controversies hysteresis, endogeneity of expectations, extrapolative vs. rational expectations, schools of economic thought.	Begg ch 32

Readings

The textbook is the same as for ECON 130;

David Begg, Stanley Fischer and Rudiger Dornbusch, *Economics*, 7th ed, 2003, McGraw-Hill, ISBN 0-07-709947-8

You may also like to purchase a copy of the student workbook:

Damien Ward and David Begg, *Student Workbook for Economics*, 7th ed, 2003, McGraw-Hill, ISBN 0-07-7103661

The most appropriate **Supplementary reading**, which you will find helpful but which is not required, will vary according to your particular interests, experience and aptitude but may well include the following texts in the library.

William J Baumol and Alan S Blinder, *Economics: Principles and Policy*, (Harcourt), 5th edition, 1991

Jerry Mushin, *Income, Interest Rates and Prices: An Overview of Macroeconomic Theory* (Dunmore Press), third edition 1999.

Michael Parkin, *Microeconomics*, (Addison Wesley), 3rd edition, 1996

Alan C Stockman, *Introduction to Microeconomics and Introduction to Macroeconomics*, (Dryden Press/Harcourt Brace), 1999.

If you are in doubt about the meaning of any economic terms, we suggest that you consult D.W. Pearce (ed) *Macmillan Dictionary of Modern Economics* (1983) which is available in the Study Hall of the Library. However, do not expect too much of a dictionary - Economics deals with concepts and ideas rather than with words.

For those frightened of maths, we recommend

Penelope Proffitt, *Maths Made Easy* (Prentice Hall, 2002);

G. Kennedy, *Mathematics for Innumerate Economists* (Homes and Meier, 1982), especially Chapters 1-4.

A good guide to the recent developments in the New Zealand economy is Paul Dalziel and Ralph Lattimore, *The New Zealand Macroeconomy: A Briefing on the Reform and their Legacy* (Fourth edition, Oxford University Press, 2001) - also contains a useful guide for further reading.

See also

Stuart Birks and Srikanta Chatterjee, (ed). *The New Zealand Economy: Issues and Policies* (Third edition, Dunmore Press, 1997)

Regular surveys of the New Zealand economy are produced by: The Reserve Bank of New Zealand *Bulletin* and *Annual Report* (<http://www.rbnz.govt.nz/>); the Organisation for Economic Co-operation and Development (OECD) in its *Economic Survey of New Zealand* (<http://www.oecd.org/>); and the New Zealand Institute of Economic Research in its *Quarterly Predictions*. Statistical sources for New Zealand include the *New Zealand Official Yearbook*, Statistics New Zealand's monthly *Key Statistics* (<http://www.stats.govt.nz/>) and the N.Z. Institute of Economic Research *Quarterly Survey of Business Opinion* (<http://www.nzier.org.nz/>).

Materials and Equipment

Silent non-programmable calculators may be taken into the test and examination.

Assessment Requirements

Assessment

Assignment	10%	via Blackboard 5pm 19 January 2006
Multi choice test	30%	4.10pm Tuesday, 24 January 2006
Exam:	60%	in the period 13 – 18 February 2006

Previous years' tests and exams are posted on Blackboard (blackboard.vuw.ac.nz)

Important note: you will not be allowed to pass the course if you obtain a mark of less than 40% in the final examination.

The multi-choice test will be held on Tuesday 24 January 2006 at 4:10pm. The format is multi-choice and the time allowed for completion of the test is 50 minutes. Last year's test is available on Blackboard as a guide. The questions will be similar to the multi-choice questions in the Student Workbook

The test will cover the microeconomic component of the course. In particular, all the material covered in lectures up to the end of lecture 18, and all the reading which is specified in the lecture outline as relevant for those lectures will be examinable. A missed test will be entered as a zero unless either written permission has been granted **in advance** by the Course Administrator, or there are clear medical reasons for non-attendance, supported by written evidence from a doctor.

The assignment topic will be announced on Blackboard during week 1 of the course.

Reconsiderations

Students may ask for their assignments to be remarked. The course coordinator will do the remarking and provide comments. If the mark differs by 10% or less the two marks are averaged. If it exceeds 10% then it is independently marked by a third marker and the average of the two closest marks is taken. Experience from previous years is that almost all remarks are within 10% and where there is a change in mark, half the assignments go up and half go down. Occasionally there is a significant shift in the mark.

Applications for remarks must be made before the 13 February 2006. To apply for a remark, fill in the form available in this outline, noting why you think the mark does not, in your view, fairly reflect the quality of your work. Note also the comments on the form about what is acceptable and what is not. Hand this with your assignment to Penelope De Boer. Allow for up to two weeks for remarks to be completed.

Penalties

Your mark will be decreased by 10% a day for three days after the submission time. After that the assignment is worth zero.

Mandatory Course Requirements

There are NO mandatory course requirements for ECON 140 other than sitting the exam. Note however that the assessment does contribute to your final grade. If you do not complete it then your mark will be necessarily lower as a result..

Communication of Additional Information

Additional information will be conveyed to students via Blackboard.

Faculty of Commerce and Administration Offices

Railway West Wing (RWW) - FCA Student Administration Office

The Student Administration Office is located on the ground and first floors of the Railway West Wing. The ground floor counter is the first point of contact for general enquiries and FCA forms. Student Administration Advisers are available to discuss course status and give further advice about FCA qualifications.

Easterfield (EA) - FCA/Law Kelburn Office

The Kelburn Campus Office for the Faculties of Commerce & Administration and Law is situated in the Easterfield Building - it includes the ground floor reception desk (EA005) and offices 125a to 131 (Level 1). The office, will be open from 9:00 am to 12:15 pm during Trimester 3, offers the following:

- Information concerning administrative and academic matters.
- FCA Student Administration forms (e.g. application for academic transcripts, requests for degree audit, COP requests).
- Examinations-related information during the examination period.

General University Policies and Statutes

Students should familiarise themselves with the University's policies and statutes, particularly those regarding assessment and course of study requirements, and formal academic grievance procedures.

Student Conduct and Staff Conduct

The Statute on Student Conduct together with the Policy on Staff Conduct ensure that members of the University community are able to work, learn, study and participate in the academic and social aspects of the University's life in an atmosphere of safety and respect. The Statute on Student Conduct contains information on what conduct is prohibited and what steps can be taken if there is a complaint. For queries about complaint procedures under the Statute on Student Conduct, contact the Facilitator and Disputes Advisor. This Statute is available in the Faculty Student Administration Office or on the website at: www.vuw.ac.nz/policy/StudentConduct.

The policy on Staff Conduct can be found on the VUW website at:

www.vuw.ac.nz/policy/StaffConduct.

Academic Grievances

If you have any academic problems with your course you should talk to the tutor or lecturer concerned or, if you are not satisfied with the result of that meeting, see the Head of School or the Associate Dean (Students) of your Faculty. Class representatives are available to assist you with this process. If, after trying the above channels, you are still unsatisfied, formal grievance procedures can be invoked. These are set out in the Academic Grievances Policy which is published on the VUW website:

www.vuw.ac.nz/policy/AcademicGrievances.

Academic Integrity and Plagiarism

Academic integrity is about honesty – put simply it means **no cheating**. All members of the University community are responsible for upholding academic integrity, which means staff and students are expected to behave honestly, fairly and with respect for others at all times.

Plagiarism is a form of cheating which undermines academic integrity. Plagiarism is **prohibited** at Victoria.

The University defines plagiarism as follows:

Plagiarism is presenting someone else's work as if it were your own, whether you mean to or not.

'Someone else's work' means anything that is not your own idea, even if it is presented in your own style. It includes material from books, journals or any other printed source, the work of other students or staff, information from the Internet, software programmes and other electronic material, designs and ideas. It also includes the organization or structuring of any such material.

Plagiarism is not worth the risk.

Any enrolled student found guilty of plagiarism will be subject to disciplinary procedures under the Statute on Student Conduct (www.vuw.ac.nz/policy/studentconduct) and may be penalized severely. Consequences of being found guilty of plagiarism can include:

- an oral or written warning
- suspension from class or university
- cancellation of your mark for an assessment or a fail grade for the course.

Find out more about plagiarism and how to avoid it, on the University's website at: www.vuw.ac.nz/home/studying/plagiarism.html.

Students with Disabilities

The University has a policy of reasonable accommodation of the needs of students with disabilities. The policy aims to give students with disabilities an equal opportunity with all other students to demonstrate their abilities. If you have a disability, impairment or chronic medical condition (temporary, permanent or recurring) that may impact on your ability to participate, learn and/or achieve in lectures and tutorials or in meeting the course requirements, then please contact the Course Coordinator as early in the course as possible. Alternatively you may wish to approach a Student Adviser from Disability Support Services to confidentially discuss your individual needs and the options and support that are available. Disability Support Services are located on Level 1, Robert Stout Building, or phoning 463-6070, email: disability@vuw.ac.nz. The name of your School's Disability Liaison Person can be obtained from the Administrative Assistant or the School Prospectus.

Student Support

Staff at Victoria want students' learning experiences at the University to be positive. If your academic progress is causing you concern, please contact the relevant Course Coordinator, or Associate Dean who will either help you directly or put you in contact with someone who can.

The Student Services Group is also available to provide a variety of support and services. Find out more at www.vuw.ac.nz/st_services/ or email student-services@vuw.ac.nz.

VUWSA employs two Education Coordinators who deal with academic problems and provide support, advice and advocacy services, as well as organising class representatives and faculty delegates. The Education Office is located on the ground floor, Student Union Building, phone 463 6983 or 463 6984, email education@vuwsa.org.nz.

Maori and Pacific Mentoring programme (Manaaki Pihipihinga)

This is a free programme of mentoring for Maori and Pacific students doing first year courses within the Faculty of Commerce and Administration. Weekly one hour mentoring sessions: drafting and editing assignments/discussing any questions that you might have from tutorials or lectures and going over every aspect of essay writing, either in small group sessions or on a one-to-one basis.

This includes:

- A computer suite hooked up to cyber commons for students to use to produce their assignments.
- Regular skill-based workshops with a learning adviser from Student Learning Support Services.
- Networking with other Maori and Pacific support groups throughout the university.

For more information please contact:

Melissa Dunlop, Programme Coordinator

Ph: 463 6015 or Email: Maori-Pacific-Mentoring@vuw.ac.nz

VICTORIA UNIVERSITY OF WELLINGTON
Te Whare Wananga o te Upoko o te Ika a Maui



ECON140

Request for re-examination of assessed work.

	Assessment affected e.g. <i>test, essay</i>	
Student ID	Name <i>As it appears in your enrolment</i>	Tutorial No.
Contact Details	Phone _____ Email _____	

Specify which sections you wish to be re-examined

Note: requests to re-examine "all" will not be considered.

Clearly state why you believe these sections should be re-examined:

Note: "I think it is worth more," is insufficient.

In requesting a re-examination of my submitted work, I understand that the result may be an increase OR decrease in the mark obtained.

.....
 Signature

.....
 Date