

School of Economics and Finance

ECON 140
ECONOMICS AND STRATEGIC BEHAVIOUR

Trimester Three 2008

COURSE OUTLINE

Course Lecturers:	Adrian Slack (L2, CRN 10037) Email: adrian.slack@vuw.ac.nz	RH315 Ph: 463-8571
Course Coordinator:	Paul Calcott Email: paul.calcott@vuw.ac.nz	RH324 Ph: 463-6585
Course Administrator:	Francine McGee Email: francine.mcgee@vuw.ac.nz	RH319 Ph: 463-5818

Francine is the appropriate person to see about organisational and administrative matters, such as tutorial signups, absence from the test or problems with submitting the assignment. If you would like an economic concept explained, then please address it to your lecturer or your tutor. Paul is responsible for the course material. If you have a question about the interpretation of the assignment question, or think you have found a mistake in the tutorial questions, then you might like to send him an e-mail.

Lecture Times and Room Numbers

L1 (CRN 9310) Monday, Tuesday, Wednesday, Thursday 1610 – 1800 MCLT102

Tutorials

In addition to the four lectures per week (starting Monday 5th January 2009), there will be a weekly tutorial, starting in the second week after the mid-trimester break (12th January 2009). You will be able to sign up for a tutorial group on-line in the first week at <https://signups.victoria.ac.nz/admin/login.aspx>. Tutorial questions to be discussed each week can be downloaded from Blackboard. It is strongly recommended that you attempt to answer the questions before you attend the relevant tutorial.

Course Learning Objectives and Required Background

This course continues the introduction to economics begun in ECON 130. It is not intended as a first course in economics, and we will presume knowledge of material covered in ECON 130. The material covers further topics in micro- and macro-economics. In addition it exposes student to the use of simple economic models, and so prepares students for further study in ECON and MOFI courses. Analysis of these models will often require elementary mathematic skills, such as graphing lines.

At the end of this course, students should be able to:

- Identify the key assumptions of introductory macroeconomic models
- Understand the logic and structure of these
- Deduce implications of the models, using verbal, diagrammatic and simple mathematical reasoning
- Articulate the relevance of the models for policy decisions such as monetary and fiscal policy
- Analyse situations of asymmetric information
- Find equilibria in introductory game theory models
- Identify consequences of market power and regulation for social efficiency using simple models
- Deduce implications of consumer theory, including indifference curves, for the effects of price and income changes on rational choices
- List and comment on determinants of economic growth utilising basic growth theories.

Course Content

Macro

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| 1. Output and aggregate demand | Begg chap 20 |
| 2. Fiscal policy, foreign trade and monetary transmission | Begg chaps 21 & 23 |
| 3. Monetary and fiscal policy | Begg chap 24 |
| 4. Aggregate supply, prices and adjustment to shocks | Begg chap 25, §§26.4 & 32.1 |
| 5. Exchange rates and open economy macroeconomics | Begg §§28.7-28.8 & chap 29 |
| 6. Economic growth | Begg chap 30 |

Micro

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| 7. Asymmetric information | Frank & Bernanke chap 13 |
| 8. Pricing | Begg §§8.9, 14.3 & 18.2 |
| 9. Oligopoly | Begg chap 9 |
| 10. Efficiency, regulation and market power | Begg §§15.1-15.4, 17.4 & 18.6 |
| 11. Consumer theory | Begg chap 5 |
| 12. Applications of indifference curves | Begg §§10.4, 10.App, 12.3 |

Expected Workload

You should expect to spend 4 hours in class per week (3 lectures and 1 tutorial) and to spend 10 – 11 hours per week reading, studying and completing assignments. Tutorial signup will be available on signups.vuw.ac.nz after 10am on Monday 22nd December 2008.

Reading

The main reading is the textbook:

David Begg, Stanley Fischer and Rudiger Dornbusch, *Economics*, (McGraw-Hill), 9th edition, 2008, ISBN 0077117875 (\$104.95)

The 8th edition was the textbook in 2006. If you can find a second-hand copy, this should be fine. Just be aware that Figures 20.4, 20.5, 20.7 and 20.8 are incomplete in this earlier edition.

Not all of the textbook will be used, and the chapters that are used will not be dealt with in the order that they appear in the book. Please see the lecture outline below for which sections will be referred to in which part of the course. In addition, material will be made available on Blackboard for some topics; particularly topic 7 on asymmetric information.

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.

Robert Frank and Ben Bernanke, *Principles of Economics*, (McGraw-Hill), 3rd edition, 2007 or 2nd edition, 2004.

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.

John Sloman and Keith Norris, *Principles of Economics*, (Pearson), 7th edition, 2007

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

Mandatory Course Requirements

There are no mandatory course requirements for this course.

Communication of Additional Information

Additional information will be conveyed to students via Blackboard. Emails may also be sent to you from time to time to the email address recorded under Student records.

Assessment Requirements

Your performance will be evaluated on the basis of:

- 10% - Written assignment, due 4.10pm, 20 January– submitted via Blackboard
- 5% - 2 on-line tests each worth 2.5% submitted via Blackboard –on-line test 1 due 12 noon on 26 January, on-line test 2 due 12 noon on 13 February
- 25% - Test, Thursday 29 January, 4:10pm
- 60% - Final Examination, during the period 16 February –21 February – 70% of the examination will be multi-choice.

The **assignment** topic will be available on Blackboard. You must submit your assignment electronically through Blackboard. Please ensure that you submit it as either a doc or pdf file. Unfortunately, we cannot guarantee that the assignment markers can read other formats. Your assignment mark plus comments from the marker will also be communicated through Blackboard.

The assignment will require you to draw a diagram. It is up to you what method you use. For example, you might draw a diagram on paper, scan it and then import it into your assignment. Alternatively, you might draw it electronically. For example, you might use Word or Visio if you are running Windows. Alternatively you might use OpenOffice Draw or Inkscape if you are using Linux. If you have not drawn a diagram electronically before, please do not leave it to the last minute.

The mark for your written assignment will be **reduced** by 10% a day for three days after the submission time. After that the assignment is worth zero.

Students may ask for their written assignments to be remarked. It is quite possible for an assignment to receive a lower mark after this process. Applications for remarks must be made before Friday 30th January 2009. To apply for a remark, fill in the form available on Blackboard, 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 Francine McGee. Allow for up to two weeks for remarks to be completed.

The format of both **on-line** tests is multi-choice. The first on-line test will cover material from topics one and two, as outlined on page 2. It can be sat any time between Monday 21 January and 12 noon Monday 26 January. The second on-line test will cover material on topics 7 and 8. It can be sat any time between Monday 9 February and 12 noon Friday 13 February.

A **mid-course test** will be held on Thursday 29 January 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 test will cover the macroeconomic component of the course. In particular, all the material covered in lectures up to the end of topic six, and the specified readings corresponding to those topics 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.

Materials and Equipment

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

Faculty of Commerce and Administration Offices

Railway West Wing (RWW) - FCA Student and Academic Services Office

The Faculty's Student and Academic Services 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. To check for opening hours call the Student and Academic Services Office on (04) 463 5376.

Easterfield (EA) - FCA/Education/Law Kelburn Office

The Kelburn Campus Office for the Faculties of Commerce and Administration, Education and Law is situated in the Easterfield Building on the ground floor (EA005). This counter is the first point of contact for :

- Duty tutors for student contact and advice.
- Information concerning administrative and academic matters.
- Forms for FCA Student and Academic Services (e.g. application for academic transcripts, requests for degree audit, COP requests).
- Examinations-related information during the examination period.

To check for opening hours call the Student and Academic Services Office on (04) 463 5376.

Notice of Turnitin Use

Student work provided for assessment in this course may be checked for academic integrity by the electronic search engine <<http://www.turnitin.com>>. Turnitin is an on-line plagiarism prevention tool which identifies material that may have been copied from other sources including the Internet, books, journals, periodicals or the work of other students. Turnitin is used to assist academic staff in detecting misreferencing, misquotation, and the inclusion of unattributed material, which may be forms of cheating or plagiarism. *At the discretion of the School, handwritten work may be copy typed by the School and subject to checking by Turnitin.* You are strongly advised to check with your tutor or the course coordinator if you are uncertain about how to use and cite material from other sources. Turnitin will retain a copy of submitted materials on behalf of the University for detection of future plagiarism, but access to the full text of submissions will not be made available to any other party.

General University Policies and Statutes

Students should familiarise themselves with the University's policies and statutes, particularly the Assessment Statute, the Personal Courses of Study Statute, the Statute on Student Conduct and any statutes relating to the particular qualifications being studied; see the Victoria University Calendar or go to www.victoria.ac.nz/home/about/policy/students.aspx

For information on the following topics, go to the Faculty's website www.victoria.ac.nz/fca under Important Information for Students:

- Academic Grievances
- Student and Staff Conduct
- Meeting the Needs of Students with Impairments

- Student Support
- Programme Learning Evaluation

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. The University defines plagiarism as follows:

The presentation of the work of another person or other persons as if it were one's own, whether intended or not. This includes published or unpublished work, material on the Internet and the work of other students or staff.

It is still plagiarism even if you re-structure the material or present it in your own style or words.

Note: It is however, perfectly acceptable to include the work of others as long as that is acknowledged by appropriate referencing.

Plagiarism is prohibited at Victoria and is not worth the risk. Any enrolled student found guilty of plagiarism will be subject to disciplinary procedures under the Statute on Student Conduct and may be penalized severely. Consequences of being found guilty of plagiarism can include:

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

Find out more about plagiarism, and how to avoid it, on the University's website:

www.victoria.ac.nz/home/studying/plagiarism.html

Manaaki Pihipihinga Programme

Manaaki Pihipihinga is an academic mentoring programme for undergraduate Māori and Pacific students in the Faculties of Commerce and Administration, and Humanities and Social Sciences. Sessions are held at the Kelburn and Pipitea Campuses in the Mentoring Rooms, 14 Kelburn Parade (back courtyard), Room 109D, and Room 210, Level 2, Railway West Wing. There is also a Pacific Support Coordinator who assists Pacific students by linking them to the services and support they need while studying at Victoria. Another feature of the programme is a support network for Postgraduate students with links to Postgraduate workshops and activities around Campus.

For further information, or to register with the programme, email manaaki-pihipihinga-programme@vuw.ac.nz or phone (04) 463 6015. To contact the Pacific Support Coordinator, email pacific-support-coord@vuw.ac.nz or phone (04) 463 5842.