

School of Economics and Finance

ECON 130
ECONOMIC PRINCIPLES AND ISSUES

Trimester Three 2010

COURSE OUTLINE

Names and Contact Details

Stephen Burnell RH425 463-5764 Course Coordinator
Office hours: Tuesday, Thursday, 10:00am-12:00pm

Adrian Slack RH315 463-5233 ext 8571 Lecturer
Office hours: Monday and Tuesday 11:00am – 12:00pm or by appointment

Francine McGee RH319 463-5818 Course Administrator
Office hours: 8:00am – 4:00pm

Trimester Dates

Teaching Period: Monday 15th November – Friday 17th December 2010

Start Date - Finish Date: Monday 15th November – Friday 17th December 2010

Examination Period

Monday 20th December

Withdrawal from Course:

Withdrawal date with refund: **21st November 2010**

The last date for withdrawal from this course is the three-quarter point of the teaching period, i.e. **9th December 2010.**

After that date, students wishing to withdraw late must apply on an '*Application for Associate Dean's Permission to Withdraw Late*' including supporting documentation.

The application form is available from either of our Student Customer Service Desks.

Class Times and Room Numbers

ECON 130 8827 Monday, Tuesday and Wednesday 16:10-18:00 KKLT301

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. The chapter references are from Stiglitz and Walsh, *Economics* (International Student Edition), 4th edition.

| Date | Lecture | Topic | Text | Page refs | Tutorial |
|-------------|---------|--|--------------|---------------------|----------|
| 15-Nov | L1 | Economic problems | Ch 1 | 6-15 | |
| | L2 | Thinking like an economist | Ch 2 | 25-32, 34-39 | |
| 16-Nov | L3 | Preferences and utility | Ch 5 | 101-107, 109-116, | |
| | L4 | Budget sets/lines | | 124-129 | |
| 17-Nov | L5 | The optimal consumption plan | | | |
| | L6 | Leisure and labour supply | Ch 8 | 175-181, 188-189 | |
| 22-Nov | L7 | Production functions | Ch 6 | 131-148 | L1-2 |
| | L8 | Production costs | | | L3-6 |
| 23-Nov | L9 | Revenue and profit maximisation | Ch 7 | 155-169 | |
| | L10 | Competitive firms | | | |
| 24-Nov | L11 | Demand and supply | Ch 3 | 53-70 | |
| | L12 | Equilibrium | Ch 4, 10 | 88-95, 216, 221-229 | |
| 28-Nov | | <i>Topic tests 1-2 close</i> | | | |
| 29-Nov | L13 | International trade - motivation | Ch 19 | 423-431, 439-443 | L7-10 |
| | L14 | International trade - restrictions | | | L11-12 |
| 30-Nov | L15 | Government fiscal policy | Ch 17 | 375-381 | |
| | L16 | Government intervention | | | |
| 01-Dec | L17 | Finance - concepts | Ch 9, 39 | 193-197, 211-212, | |
| | L18 | Finance - applications | | 865-871, 885-86 | |
| 05-Dec | | <i>Topic tests 3-5 close</i> | | | |
| 06-Dec | L19 | The saving-consumption choice | Ch 9, 24 | 191-193, 196-201, | L15-16 |
| | L20 | Supply of loanable funds | | 209-211, 536-539 | |
| 07-Dec | L21 | Demand for loanable funds | | | |
| | L22 | Saving and investment | | | |
| 08-Dec | | <i>Multi-choice test (covers L1-12)</i> | | | L13-14 |
| 12-Dec | | <i>Topic tests 6-8 close</i> | | | |
| 13-Dec | L23 | Growth - theory | Ch 8, 20, 27 | 188-189, 453-454, | L19-20 |
| | L24 | Growth - issues | | 467-468, 585-595, | L23-24 |
| 14/12-15/12 | | Note: there are tutorials, but no lectures | | 599-601 | |
| 19-Dec | | <i>Topic tests 9-10 close</i> | | | |

Course Learning Objectives

ECON 130 is an introduction to economic principles and their application to issues facing households, businesses and government in the New Zealand economy and the international economic environment.

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

- Explain and assess the key principles of economics
- Explain and assess the optimal production plans of firms

- Identify an equilibrium and the main influences on equilibrium prices and quantities
- Assess the benefits and costs of international trade
- Assess the role of the government in the economy
- Explain the basic concepts of finance
- Assess the main influences of national saving and investment
- Assess the causes and consequences of economic growth

Course Delivery

The course material will be delivered via 24 lectures (three two-hour lectures per week over 5 weeks), plus eight tutorial sessions. It will be essential that students have access to the course Blackboard site.

Expected Workload

The expected workload for ECON 130 is 150 hours in aggregate; 30 hours per week over the 5 week segment of the 2010 summer semester. You should expect to spend 30 hours per week on this subject: 6 hours in lectures, 2 hours in tutorials and the remainder in independent study, reading, preparing for lectures and tutorials, and completing the required assessment.

Group Work

There is no group work for ECON 130.

Readings

The required textbook for the course is:

Joseph E Stiglitz and Carl E Walsh, *Economics* (W W Norton), 4th Edition (International Student Edition), 2006, ISBN – 0-393-92622-2.

Some streams may have extra lecturer-prepared material on Blackboard. If you cannot find what you are looking for in your stream's Blackboard, please feel free to explore the folders for other streams.

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 H Frank and Ben S Bernanke, *Principles of Economics* (McGraw Hill/Irwin), 2nd edition, 2004.

Jerry Mushin, *Income, Interest Rates and Prices: An Overview of Macroeconomic Theory* (Dunmore Press), 3rd edition 1999.

Michael Parking, *Micoreconomics*, (Addison Wesley), 3rd edition, 1996.

John Sloman and Penelope de Boer, *Economics* (Pearson Education), 2009.

Alan C Stockman, *Introduction to Micoreconomics 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 an online dictionary or a book such as D.W. Pearce (ed) *Macmillan Dictionary of Modern Economics* (1983). However, do not expect too much of a dictionary; Economics deals with concepts and ideas rather than words.

For those frightened of maths, we recommend:

Pat Belgrave and Colin Jeffcoat, *You can do maths: Introductory maths for tertiary students* (Dunmore Press, 1995).

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

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

Some guides to the recent developments in the New Zealand economy include:

Paul Dalziel and Ralph Lattimore, - *The New Zealand Macroeconomy: Striving for Sustainable Growth with Equity* (Oxford UP, 2004).

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

Materials and Equipment

Silent non-programmable calculators may be taken into the test and examination. You may find a calculator useful, but they are by no means compulsory.

Assessment Requirements

| | | |
|-------------------|-----|---|
| Online tests | 15% | via Blackboard – see below |
| Multi-choice test | 25% | Wednesday 8 th December at 5:00pm-6:00pm |
| Examination | 60% | 20 th December (two hours) |

The online tests consist of 20 multi-choice questions to be completed at the end of each section of work. You will complete them via Blackboard. They can be found in the content area called *Online tests*. There are 10 such tests and your assessment will be based on all of these. Each test will be available for two teaching weeks after the relevant material has been taught. Each test will be shut down just before midnight on the announced Sunday. On the Monday morning, the test will then be available for study purposes, in the content area called *Tests for study purposes*.

The multi-choice test on Wednesday 8th December 2010 (at 5:00pm) will consist of 40 multi-choice questions and cover the first four topics of the course. In particular, all the material covered in lectures up to the end of lecture 12, and the application materials and all the reading specified in the course 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 final examination will be two hours. It will consist of 70 multi-choice questions and two written answers (to be chosen from four).

Important note: You may sit each online test as many times as you like. However, for each test, your final attempt will be the one recorded and used to determine your assignment grade. This is due to technical difficulties associated with using our best score. If your final attempt does not

display a numerical score (for example, a padlock symbol or an exclamation mark), then you will need to resit the test or have your score recorded as zero. Each test must be submitted within 20 minutes, otherwise your mark will show as an exclamation mark (“!”), which will be interpreted as a score of zero. The administrator will fix these errors when the tests close off.

Your assessed work may also be used for quality assurance purposes, such as to assess the level of achievement of learning objectives as required for accreditation and audit purposes. The findings may be used to inform changes aimed at improving the quality of FCA programmes. All material used for such processes will be treated as confidential, and the outcome will not affect your grade for the course.

Examinations

Students who enrol in courses with examinations are obliged to attend an examination at the University at any time during the formal examination period.

The final examination for this course will be scheduled at some time during the period from **Monday 20th December.**

Penalties

Late submission of the online tests is not technically feasible. Failure to attend the multi-choice test on 8th December will normally earn a grade of zero.

Tutorials

Tutorials are groups of approximately 15-18 students and a tutor, meeting for fifty minutes, for four weeks of the course. They provide a forum for discussing problems and working through exercises. You will choose a tutorial group during the first week of lectures.

Tutorial rooms and times will be available on <https://signups.victoria.ac.nz>. You can sign up to a tutorial at this site. Anybody not having signed up for a tutorial by that time will need to see the course administrator.

Tutorial exercises and discussion material are specified on Blackboard. This can be accessed at www.blackboard.vuw.ac.nz. 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 the course administrator, to assist you to find a suitable tutorial time.

Mandatory Course Requirements

There are no mandatory course requirements for ECON 130.

Class Representative

For each stream, a class representative will be elected in one of the first classes, and that person's name and contact details will be available to VUWSA, the Course Coordinator and the class. The class representative provides a communication channel to liaise with the Course Coordinator on behalf of students.

Communication of Additional Information

Additional information will regularly be placed on the course Blackboard site. You will also receive emails sent to the email address recorded on Student Records. Please check at the start of the course that this is the address you want us to use.

For the following important information follow the links provided:

Academic Integrity and Plagiarism

<http://www.victoria.ac.nz/home/study/plagiarism.aspx>

General University Policies and Statutes

<http://www.victoria.ac.nz/home/about/policy>

AVC (Academic) Website: information including: Conduct, Academic Grievances, Students with Impairments, Student Support

http://www.victoria.ac.nz/home/about_victoria/avcademic/Publications.aspx

Faculty of Commerce and Administration Offices

<http://www.victoria.ac.nz/fca/studenthelp/>

Manaaki Pihipihinga Programme

http://www.victoria.ac.nz/st_services/mentoring/