

School of Accounting and Commercial Law

## MMPA 508 ECONOMICS

Trimester 2, 2015

### COURSE OUTLINE

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#### **Names and Contact Details**

		<b>Office</b>	<b>Telephone</b>
<i>Course Coordinator &amp; Lecturer</i>	Dr. Adrian Slack <a href="mailto:adrian.slack@vuw.ac.nz">adrian.slack@vuw.ac.nz</a> Office hours: By appointment	RH 315	463 5125
<i>Course Administrator</i>	Rebekah Sage <a href="mailto:rebekah.sage@vuw.ac.nz">rebekah.sage@vuw.ac.nz</a> Office hours: Monday-Friday, 8.30 am-5.00 pm	RH 728	463 6921

#### **Trimester Dates**

Teaching Period: Monday 13<sup>th</sup> July – Friday 16<sup>th</sup> October

Study Period: Monday 19<sup>th</sup> October – Thursday 22<sup>nd</sup> October

Examination Period: Friday 23<sup>rd</sup> October – Saturday 14<sup>th</sup> November (inclusive)

#### **Withdrawal from Course**

1. Your fees will be refunded if you withdraw from this course on or before Friday 24<sup>th</sup> July 2015.
2. The standard last date for withdrawal from this course is Friday 25<sup>th</sup> September. After this date, students forced to withdraw by circumstances beyond their control must apply for permission on an '*Application for Associate Dean's Permission to Withdraw Late*' form including supporting documentation. The application form is available from either of the Faculty's Student Customer Service Desks or [online](#).

#### **Class Times and Room Numbers**

Mondays: 5.40 – 8.30pm

Venue: RH LT2 (Rutherford House Lecture Theatre 2), Pipitea Campus

#### **Course Delivery**

Lectures include the delivery of course material plus discussion of theoretical and applied questions.

#### **Expected Workload**

This course is a 15-point course. One point is equated to 10 hours of work, which means a total of 150 hours is expected for this course, spread over the 12 teaching weeks, mid-trimester break, study week and the examination period. This involves attending the lectures and tutorials every week, assignments, and preparations for all exams.

## **Prescription**

Economic principles and their application to issues facing the accounting profession.

## **Course Learning Objectives**

Students who are successful in this course will be able to:

- (a) define, explain and apply economic concepts and terms;
- (b) identify and explain the economic implications of different economic systems;
- (c) apply economic principles, including supply and demand concepts, to evaluate policy with respect to certain current economic issues;
- (d) apply the economic theory of the firm (including marginal and transaction cost analysis) in different market settings;
- (e) explain the importance of international trade to economic performance, and analyse domestic and international trade policy as it pertains to economic issues;
- (f) analyse the determinants of economic growth and business cycles (changes in GDP);
- (g) the linkages between macroeconomic variables, the trade and capital account balances, and business cycles in the New Zealand economy;
- (h) explain the determinants of government revenues and expenditure, and the effect of these and the government budget on the performance of the economy;
- (i) define measures of money and the price level and analyse the basis of monetary policy;
- (j) explain the interaction between microeconomic policy and macroeconomic performance.

## **Course Content**

The course objective is to explain economic principles and their application to issues facing households, businesses and the government in the New Zealand economy in the context of the international economic environment. Special focus is placed on understanding the economics toolbox so that it can be used for general economic analysis.

The following table provides a broad outline of the material to be covered in a given lecture. It is sufficient to enable students to read and put themselves in a position to benefit from lectures. The lecturer may sometimes deviate from the order given here. Lectures will be largely based on the Hubbard et al book (see Readings below).

<b>Week</b>	<b>Topic and key concepts</b>	<b>Chapter</b>
Week 1	Overview, analytical tools, trade-offs Concepts: model, scarcity, trade-offs, opportunity cost	1, 2
Week 2	Prices, supply and demand Concepts: supply and demand, price and quantity, equilibrium, elasticity	3, 4
Week 3	Efficiency and equity Concepts: efficiency (allocative, productive, dynamic), inequality	5
Week 4	Firms and costs Concepts: cost minimisation, incomplete contracts, transactions costs	6
Week 5	Firms and profits in perfectly competitive markets Concepts: profit maximisation, competition, price-takers	7
Week 6	Imperfect competition Concepts: market power, price-makers, monopoly, oligopoly, game theory	8, 9
<i>Mid-trimester break (2 weeks)</i>		
Week 7	Factor markets; The role of government Concepts: marginal productivity, market failure, public good, externality, asymmetric information	10; 11

Week 8	Foundations of macroeconomics: GDP and growth Concepts: GDP, wellbeing, growth, productivity	12
Week 9	Macroeconomic issues: inflation and unemployment Concepts: price level, inflation, types of unemployment, Phillips curve	13
Week 10	Macroeconomic equilibrium and business cycles Concepts: aggregate expenditure, business cycle, AD-AS model, types of economics	14
Week 11	Macroeconomic policy: monetary and fiscal Concepts: economic policy, Official Cash Rate (OCR), multiplier, crowding out, supply-side policy	15, 16, 17
Week 12	International economics Concepts: absolute and comparative advantage, balance of payments (BoP), (foreign) exchange rate	18, 19

### **Readings**

The required textbook for the course is:

Hubbard, Garnett, Lewis, O'Brien. *Essentials of Economics*, 2<sup>nd</sup> edition. Pearson, Australia, 2012.

Optional reading, but highly recommended:

Myeconlab supplement to *Essentials of Economics*.

### **Materials and Equipment**

Students will be permitted to use electronic calculators during tests and exams. Only silent non-programmable calculators or silent programmable calculators with their memories cleared are permitted.

### **Assessment**

The Assessment Handbook will apply to all VUW courses: see

<http://www.victoria.ac.nz/documents/policy/staff-policy/assessment-handbook.pdf>.

<b>Item</b>	<b>Specifications</b>	<b>Weight</b>	<b>Date</b>	<b>CLO Covered</b>
Assignment 1	To be put on Blackboard	10%	4pm, 17 August	(c), (d)
Test	100 minutes, Closed Book Assesses material covered in lectures 1 to 5	25%	In class: 7 September	(a)-(d)
Assignment 2	To be put on Blackboard	15%	4pm, 12 October	(f)-(i)
Exam	2 hours, Closed Book Assesses material covered in all lectures - this is a comprehensive exam	50%	TBA	(a)-(j)

The assessment combines multiple-choice, essay-type and computational questions. The questions are largely at a higher level, designed to test students' understanding of economic concepts and their application to decision-making and public policy, with an emphasis on the former.

## **Penalties**

Late assignments will accrue a penalty of 10% per day for the first three days after the due date. Beyond that they will not be marked, unless the Course Coordinator has approved an extension **in advance**.

Unjustifiable absences from tests will result in a mark of zero for that test and may result in a student not meeting mandatory course requirements.

Students unable to take a scheduled test or submit a scheduled assignment due to exceptional circumstances, must complete the 'Consideration of Exceptional Personal Circumstances for Tests Application Form' available on Blackboard. Submit this form to the MPA Administrator as early as possible, preferably before the test date.

*Note: The submission of an application does not mean that the test requirement has been changed or waived. Penalties, as detailed above, will apply if it is not successful.*

**Exceptional Personal Circumstances** include an impairment assessed by Disability Services, illness, bereavement, circumstances involving the health or wellbeing of a relative or close friend, compulsory attendance at court, national or international representative commitments, significant cultural commitments, or activities in which the student is representing the University.

*Note: Not being organised or failing to plan ahead are **not** exceptional circumstances.*

Any enrolled student found guilty of plagiarism will be subject to disciplinary procedures under the Statute on Student Conduct.

## **Use of Turnitin**

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 compares submitted work with a very large database of existing material. At the discretion of the Head of School, handwritten work may be copy-typed by the School and submitted to Turnitin. A copy of submitted materials will be retained 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.

## **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 following period:

Friday 23<sup>rd</sup> October – Saturday 14<sup>th</sup> November (inclusive)

## **Mandatory Course Requirements**

None.

If you cannot complete an assignment or sit a test or examination, refer to [www.victoria.ac.nz/home/study/exams-and-assessments/aegrotat](http://www.victoria.ac.nz/home/study/exams-and-assessments/aegrotat)

## **Class Representative**

A class representative will be elected in the first class, and that person's name and contact details made 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 concerning this course will be provided in lectures and posted on Blackboard: <http://blackboard.vuw.ac.nz>. Urgent notices will be circulated by email.

**Student feedback**

Student feedback on University courses may be found at [www.cad.vuw.ac.nz/feedback/feedback\\_display.php](http://www.cad.vuw.ac.nz/feedback/feedback_display.php)

**Link to general information**

For general information about course-related matters, go to <http://www.victoria.ac.nz/vbs/studenthelp/general-course-information>

**Note to Students**

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 academic audit. The findings may be used to inform changes aimed at improving the quality of VBS programmes. All material used for such processes will be treated as confidential, and the outcome will not affect your grade for the course.

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