



MACQUARIE UNIVERSITY

Division of Economic and Financial Studies

STUDY GUIDE

ACCG 849 ECONOMIC ANALYSIS 2008

**COURSE OUTLINE AND READING GUIDE, WORKSHOP
EXERCISES, ASSIGNMENT QUESTIONS AND INFORMATION
ON FINAL EXAMINATION.**

August 2008

MACQUARIE UNIVERSITY
DIVISION OF ECONOMIC AND FINANCIAL STUDIES
ACCG 849 ECONOMIC ANALYSIS 2008

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The **unit web site** is at <http://learn.mq.edu.au>
All the information in this handout is provided on this web site.

MACQUARIE UNIVERSITY
DIVISION OF ECONOMIC AND FINANCIAL STUDIES
POSTGRADUATE DIPLOMA IN ACCOUNTING/MASTER
OF ACCOUNTING
ACCG849 ECONOMIC ANALYSIS 2008

1. Aims and Nature of the Course

Welcome to ACCG849, Economic Analysis. This introductory course surveys the main ideas and concepts involved in modern economics, and provides students with an understanding of how our economy works, what type of problems economists attempt to solve, and how they set about trying to solve them. The first part of the course is primarily concerned with the analysis of individual decision making units, and the behaviour of firms and industries in the economy, that is, with microeconomics. The second part of the course is mainly concerned with macroeconomics or with the study of the economy as a whole or in the aggregate. It thus focuses on matters such as national income, unemployment, inflation, balance of payments, exchange rates, money, and economic growth.

2. Teaching Staff

The following members of staff are involved in the teaching of ACCG 849:

	Room	Phone Ext.	e-mail
Mr Allan McHarg	E4A 417	8492	allan.mcharg@efs.mq.edu.au
Dr Michael Dobbie	E4A 416	8502	michael.dobbie@efs.mq.edu.au
Ms Karen Mills			
Ms Pauline McAlary			

3. Lectures

There are three hours of lectures per week

4. Workshops

There will be three workshops held during the semester. These workshops are designed to review and reinforce the material covered in lectures and in the set reading. These workshops will be held in normal lecture times during weeks 5, 8 and 12. Details concerning the work to be covered during these sessions are provided on pages 13 to 18 of this document.

5. Enquiries and Problems

Academic: If you are having difficulty in understanding any of your courses or what is required of you, then contact the teaching staff involved in that course. When lecturers are not in their rooms, it is best to leave a note with your name and telephone number under the door so that the lecturer can ring you back at a convenient time.

Personal: If, for whatever reason, you find yourself in difficulties in relation to your university studies, you are strongly encouraged to inform your lecturer of your situation and how it is affecting you. You don't have to go into personal details if that is not your wish, just outline the facts of the case so that the lecturer is aware of your problem. It is better to do this while the difficulties are occurring rather than afterwards.

Some of you may face personal crises of one sort or another during your university studies. If you desire professional assistance of any kind with your personal problems, you are strongly encouraged to consult one of the very helpful people at the Student Counselling Service, all of whom have experience with a very wide range of situations.

6. Assessment

Assessment in the course will be as follows:

Compulsory Multiple Choice In-Class Test (Week 6)	10
Compulsory Assignment (Week 9 -17/10/08)	20
Final examination	<u>70</u>
	<u>100</u>

(a)Compulsory Multiple Choice Test

A multiple-choice test will be held during your normal lecture class during week 6. This test will be of forty minutes duration and will consist of twenty multiple choice questions; these questions will be drawn from the material covered in lectures up to and including “ Production and Costs” (Chapter 10 of your text) The test will account for 10% of the total marks used to assess your grade for the course.

Attendance at the test is compulsory. If you fail to attend the test without good reason you will be deemed to have not satisfied the course requirements i.e.you cannot pass the course. Students who experience *serious misadventure* and are unable to attend the test on the set date should contact Mr Allan McHarg – E4A-417 (phone 9850 8492) and provide full documentation explaining their non-attendance.

(b)Compulsory Assignment

An assignment worth 20% of the total marks allocated for assessment is required to be submitted at the ACCG 849 assignment box in E4B-106 on or before Friday 17/10/08. This assignment is an integral part of the course requirements. A student’s failure to submit the assignment means that course requirements will not have been satisfied and a fail grade in

ACCG 849 will be automatically recorded for that student notwithstanding the adequacy of the student's academic performance in other segments of the course.

Extensions of time for the submission of this assignment will be granted only in cases of serious illness or other exceptional circumstances. Application for extension of time in such cases must be made in writing to Mr Allan McHarg, Room E4A 417. Penalty marks will be imposed for the unauthorised late submission of this assignment.

Note that on the cover page of the assignment you must include your student number. This is important for administrative purposes. Students are also required to keep a copy of the assignment they submit for marking. Again this is an important requirement. The second copy is your insurance policy against all types of contingencies relating to your assignment which could arise in a course as large as this.

Each assignment must represent the students own work. In particular, this means that the written answers submitted by the student should be composed by that student. The copying of another student's answer, or part thereof, is clearly regarded as plagiarism. Cases of plagiarism will not be ignored A statement relating to collusion, plagiarism and cheating is provided on pages 19 and 20 of this document.

(c)Final Examination

The final examination will consist of a three-hour paper which will be held during the University's final examination period. This examination, which is based on the whole course, is worth 70% of the marks used for assessment. Details on the format of the final examination paper are provided at the end of this document.

7. Course Outline

The topics included in ACCG849 are:

A. Microeconomics

1. Introduction: The Economic Problem, An Overview of the Price Mechanism, Reasons for Government Intervention.
2. Supply and Demand Analysis: Elasticity Concepts.
3. Production and Costs.
4. Pricing in Different Market Structures: Perfect Competition, Monopoly, Oligopoly, Monopolistic Competition.

B. Macroeconomics

1. Basic Macroeconomic Concepts; The Aggregate Demand/Aggregate Supply Model
2. The Classical Model
3. The Keynesian Model; Inflationary and Deflationary Gaps; Multipliers.
4. Fiscal Policy.
5. The Monetary System and Monetary Policy.

8. COURSE DIARY 2008

Week No.	Topic	Text	Reminders
1 August 18	Introduction and The Economic Way of Thinking	Chs 1 and 2	
2 August 25	Demand and Supply	Chs 3, 5 and 6	
3 September 1	Elasticity of Demand	Ch 4	
4 September 8	Production and Costs	Ch 9	
5 September 15	Perfect Competition	Ch 10	Workshop 1
6 September 22	Monopoly	Ch 11	Multiple-Choice Test
7 September 29	Oligopoly and Monopolistic Competition	Chs 12 and 13	
8 October 6			CME Workshop Workshop 2
9 October 13	Introduction to Macroeconomics. The Aggregate Demand / Aggregate Supply Model	Chs 19-21 and 22	Assignment Due Friday, October 17
10 October 20	The Classical and Keynesian Models	Chs 23 and 24	
11 October 27	Fiscal Policy	Ch 25	
12 November 3	The Monetary System and Monetary Policy	Chs 26 and 27	Workshop 3

9. Textbooks

(a) Set Text

The set textbook for this course is:

McTaggart, D., Findlay, D. and Parkin, M., *Economics*, Addison-Wesley, Melbourne, Fifth Edition., 2007.

There are about eighteen core chapters of the set text that will be covered during the course. You should set the goal of studying about one and a half chapters per week and you should stick to this goal. Students are expected to be spending at least six hours per week, outside of class, in studying the course material. You are deluding yourself if you think that you can pass this course without this work being undertaken.

(b) Supplementary Reading

The following books cover much the same ground as the set text and at approximately the same level of difficulty. They can rightly be considered as close substitutes for the set text. Remember however, that part of the university experience involves browsing through the library stacks and discovering with great satisfaction treatments of the subject to your liking, treatments which provide an explanation that makes to you an otherwise difficult area comprehensible. You are encouraged to make use of the library facilities.

Swann M, and McEachern W. A. - *Microeconomics - A Contemporary Introduction* , Third Edition. Thomson/Nelson, Melbourne 2006.

Gans J, King S, Stonecash R, and Mankiw, N. - *Principles of Economics*, Third Edition. Thomson. Melbourne 2005.

Sloman J, and Norris K. - *Principles of Economics*, Pearson Prentice-Hall, Sydney 2005.

Jackson J, McIver R and Bajada C. - *Economic Principles*, Second Edition. McGraw-Hill Irwin, Sydney 2007

Taylor J.B, and Moosa I. - *Macroeconomics*, Second Edition. John Wiley, Brisbane 2002

10. Unit Web Site

The **unit web site** is at <http://learn.mq.edu.au>

All the information in this handout is provided on the web site. Power point slides covering the course material are also posted on this site. In addition there are some notes on the economic way of thinking, profit maximisation under different market structures and an overview of the Keynesian model of economic activity. This material is largely drawn from D.J.Collins, D.A. Archbold, A.A.McHarg, R.D.Reilly and J.M.Veale, *Modern Australian*

Economics: Theory and Policy, Longman Cheshire 1984. This discussion is posted under the heading 'Notes on Economics.'

A link is also provided on the website for **MyEconLab**.

11. MyEconLab

MyEconLab provides a range of online resources designed to facilitate a student's understanding of basic economic ideas. A structured environment is provided in which students can test their understanding of the subject and obtain feedback on their performance. The study resources available include self-assessment tests and graded homework assignments as well as an interactive eText with animated graphs and figures. MyEconLab is fully aligned with the coverage provided in the textbook. The textbook, if purchased new, provides access to these online resources. Instructions on how to register for MyEconLab can be found at <http://www.coursecompass.com>

To gain access to my MyEconLab in CourseCompass, you will need to complete a one-time registration and enrolment process.

If you purchased a new textbook from the campus bookstore, it should have come with a Student Access Kit that contains a code you can use to register.

- ✓ **A MyEconLab or Course Compass access code**
- ✓ **Your instructor's Course ID: [mcharg60657](#)**
- ✓ **Your school or home Post Code: [2109](#)**
- ✓ **A valid email address**

To register and enrol:

- Go to www.coursecompass.com
- Click Register as a STUDENT
- When prompted use the Course ID provided by your lecturer. This is: mcharg 60657
- After you have registered and enrolled, you will be ready to log in to your lecturer's MyEconLab in CourseCompass course.

To log in once registered:

- Go to www.coursecompass.com and click the Log In button for students.
- Enter the login name and password you created during registration.
- You will be taken to your My CourseCompass page. Any courses you are taking will be listed here. Click the name of your lecturer's course to begin using MyEconLab.
- Before you begin **IT WILL BE NECESSARY TO RUN THE INSTALLATION WIZARD** to install the MyEconLab Player. You'll need this player to view certain portions of the site.

Tech Support and product tutorials:

- <http://247.support.pearsoned.com> – This is your Technical Support Web Site

- Here you'll find links to:
 - LIVE Chat support
 - Difficulty with registration
 - Forgotten your login and password
- www.myeconlab.com – Here you'll find information and video tutorials to help with using MyEconLab.
 - Please try the support links first, if they can not help you or do not respond within 48 hours, please feel free to call Chip Kislack – 0407 951 356.

12. READING GUIDE

READING GUIDE FOR LECTURES ON MICROECONOMICS

The Economic Problem and The Economic Way of Thinking

McTaggart, D., Findlay, D. and Parkin, M	Chs 1 and 2.
Swann, M and McEachern W. A.	Chs 1-3.
Gans J, King S, Stonecash R, and Mankiw N.	Chs 1-3.
Sloman. J. and Norris, K.	Ch 1.
Jackson J, McIver R and Bajada C.	Ch 1.
Taylor, J.B and Moosa, I	Chs 1 and 2.

Demand and Supply

McTaggart, D., Findlay, D. and Parkin, M.	Chs 3,5 and 6.
Swann, M and McEachern W. A.	Chs 4 and 5.
Gans J, King S, Stonecash R, and Mankiw N.	Chs 4,6, 7 and 8.
Sloman. J. and Norris, K.	Ch 2.
Jackson J, McIver R and Bajada C.	Ch 2.
Taylor, J.B and Moosa, I.	Ch3

Elasticity of Demand

McTaggart, D., Findlay, D. and Parkin, M.	Ch 4.
Swann, M and McEachern W. A.	Ch 6.
Gans J, King S, Stonecash R, and Mankiw N.	Ch 5.
Sloman. J. and Norris, K.	Ch 3.
Jackson J, McIver R and Bajada C.	Ch 3.
Taylor, J.B and Moosa, I.	Ch 4

Production and Costs

McTaggart, D., Findlay, D. and Parkin, M.	Ch 9.
Swann, M and McEachern W. A.	Chs 8 and 9.
Gans J, King S, Stonecash R, and Mankiw N.	Ch 13.
Sloman. J. and Norris, K.	Ch 4.
Jackson J, McIver R and Bajada C.	Ch .4

Perfect Competition

McTaggart, D., Findlay, D. and Parkin, M.	Ch 10.
Swann, M and McEachern W. A.	Ch 10
Gans J, King S, Stonecash R, and Mankiw N.	Ch 14
Sloman. J. and Norris, K.	Chs 5 and 6.
Jackson J, McIver R and Bajada C.	Ch 5.

Monopoly

McTaggart, D., Findlay, D. and Parkin, M.	Ch 11.
Swann, M and McEachern W. A.	Ch 11.
Gans J, King S, Stonecash R, and Mankiw N.	Ch 15.
Sloman. J. and Norris, K.	Ch 6.
Jackson J, McIver R and Bajada C.	Ch 5.

Oligopoly and Monopolistic Competition

McTaggart, D., Findlay, D. and Parkin, M.	Chs 12 and 13.
Swann, M and McEachern W. A.	Ch 12
Gans J, King S, Stonecash R, and Mankiw N.	Chs 16 and 18.Chs
Sloman. J. and Norris, K.	Ch 7.
Jackson J, McIver R and Bajada C.	Ch 6.

READING GUIDE FOR LECTURES ON MACROECONOMICS

Basic Macroeconomic Concepts, The Aggregate Demand/Aggregate Supply Model

McTaggart, D., Findlay, D. and Parkin, M.	Chs 19-21 and 22.
Gans J, King S, Stonecash R, and Mankiw N.	Chs 24-25 and 33.
Sloman. J. and Norris, K.	Chs 10 and 12.
Jackson J, McIver R and Bajada C.	Chs 8 and 9.
Taylor, J.B and Moosa, I.	Chs 5 and 6.

The Classical Model

McTaggart, D., Findlay, D. and Parkin, M.	Ch 23.
Jackson J, McIver R and Bajada C.	Extension Ch 6.

The Keynesian Model

McTaggart, D., Findlay, D. and Parkin, M.	Ch 24.
Sloman. J. and Norris, K.	Ch 11.
Jackson J, McIver R and Bajada C.	Extension Ch 4
Taylor, J.B and Moosa, I.	Chs 11 and 12.

Fiscal Policy

McTaggart, D., Findlay, D. and Parkin, M.	Ch 25.
Gans J, King S, Stonecash R, and Mankiw N.	Ch 34.
Sloman. J. and Norris, K.	Ch 14.
Jackson J, McIver R and Bajada C.	Ch 10. and Extension Ch 4.
Taylor, J.B and Moosa, I.	Ch 15.

The Monetary System and Monetary Policy

McTaggart, D., Findlay, D. and Parkin, M.	Chs26 and 27.
Gans J, King S, Stonecash R, and Mankiw N.	Chs 29 and 34
Sloman. J. and Norris, K.	Chs 13 and 14
Jackson J, McIver R and Bajada C.	Ch 11.
Taylor, J.B and Moosa, I.	Chs 10 and 16.

