



MACQUARIE UNIVERSITY

FACULTY OF BUSINESS AND ECONOMICS

**POSTGRADUATE DIPLOMA IN ACCOUNTING
AND
MASTER OF ACCOUNTING**

UNIT OUTLINE

ACCG849 ECONOMIC ANALYSIS

TRIMESTER 1 2009

MACQUARIE UNIVERSITY
FACULTY OF BUSINESS AND ECONOMICS
POSTGRADUATE DIPLOMA IN ACCOUNTING/MASTER
OF ACCOUNTING
ACCG849 ECONOMIC ANALYSIS TRIMESTER 1 2009

Contents

1. About This Unit.....	2
2. Teaching Staff	2
3. Lectures	2
4. Workshops.....	3
5. Required Textbook & Supplementary Reading	3
6. Unit Web Page	4
7. Learning Objectives and Outcomes	4
8. Teaching and Learning Strategy	5
9. Assessment.....	6
10. Plagiarism.....	8
WHAT IS CHEATING?	8
WHY IS IT WRONG?	8
PREVENTING CHEATING	8
HOW TO PLAY SAFE.....	9
PENALTIES.....	9
11. Determination of Overall Grade.....	10
12. Student Support Services	10
13. Reading Guide For Lectures on Microeconomics.....	11
14. Reading Guide For Lectures on Macroeconomics.....	12
15. Course Calendar	14
Appendix 1: TEST 1 – Short Answer (‘/10).....	15
Appendix 2: TEST 2 – Multiple Choice (‘/30).....	16

MACQUARIE UNIVERSITY
FACULTY OF BUSINESS AND ECONOMICS
POSTGRADUATE DIPLOMA IN ACCOUNTING/MASTER
OF ACCOUNTING
ACCG849 ECONOMIC ANALYSIS TRIMESTER 1 2009

Students in this unit should read this unit outline carefully at the start of semester. It contains important information about the unit. If anything in it is unclear, please consult one of the teaching staff in the unit.

1. ABOUT THIS UNIT

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, money, and economic growth. (Credit Points = 3).

2. TEACHING STAFF

	Room	Email	Consultation Hours
Mrs Karen Mills (Unit Convenor)	Level 2, E4A (MAcc Office)		Wednesdays 12p.m – 1p.m. Other times by appointment.
Mr Allan McHarg			By appointment.
Ms Pauline McAlary			By appointment.

3. LECTURES

There are three hours of lectures per week.

Students are expected to attend the lecture group they are formally registered in. If a student wishes to change their lecture day or time they have until 23rd January 2009 to do so via e-student. Changes will only be permitted during this time if vacancies within classes exist. After this date no further changes will be allowed.

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 during normal lecture times during weeks 5, 7 and 12.

Details concerning the questions to be covered during the workshops can be downloaded from the course website at <http://learn.mq.edu.au>

5. REQUIRED TEXTBOOK & SUPPLEMENTARY READING

a) SET TEXT

The set text for this course is:

McTaggart, D., Findlay, C., and Parkin, M., 2007, *Economics*, 5th Edition, Pearson Education, Frenchs Forest.

b) SUPPLEMENTARY READING

The following books cover much the same ground as the set text and at approximately the same level of difficulty. It is recommended that if any student experiences difficulty understanding a topic that he/she will view some of these for alternative explanations of the subject material of this course. These books are all available to view in the Reserve Section of the Library.

Gans, J., King, S., Stonecash, R., and Mankiw, N.G., 2000, *Principles of Economics*, Harcourt, Marrickville.

Hubbard, R.G., Garnett, A.M., Lewis, P., and O'Brien, A.P., 2009, *Macroeconomics*, Pearson Education, Frenchs Forest.

Jackson, J., McIver, R., and Bajada, C., 2007, *Economic Principles*, 2nd Edition, McGraw-Hill, North Ryde.

Layton, A., Robinson, T., and Tucker I.B., 2005, *Economics for Today*, 2nd Edition, Thomson, South Melbourne.

Slovan, J., and Norris, K., 2005, *Principles of Economics*, Pearson Education, Frenchs Forest.

Swann, M., and McEachern, W.A., 2007, *Microeconomics – A Contemporary Introduction*, 3rd Edition, Thomson, South Melbourne.

Taylor, J.B., and Moosa, I., 2002, *Macroeconomics*, 2nd Edition, John Wiley & Sons Australia, Milton.

6. UNIT WEB PAGE

The web page for this unit can be found at: <http://learn.mq.edu.au>

On this site you will find:

- A copy of this unit outline
- Workshop exercises for you to download and complete prior to the relevant class
- PowerPoint slides covering the course material (added on a weekly basis)
- Access instructions are also provided for **MyEconLab** – an online learning resource aligned with the set textbook.

7. LEARNING OBJECTIVES AND OUTCOMES

The intended learning outcomes of this unit are for students to:

- i. remember and understand key economic concepts, models and theories
- ii. explain, compare, contrast and analyse these concepts, models and theories logically and coherently
- iii. apply these concepts, models and theories to real world or practical situations
- iv. identify and then use relevant economic diagrams to assist with explanations and applications

After successfully completing this unit you should be able to:

- a) Understand the need to study the economy from both microeconomic and macroeconomic perspectives
- b) Understand how the approach taken in economics to the study of the economy differs in key ways to that taken by other subjects, such as accounting
- c) Follow media commentary on economic matters with much greater understanding
- d) Continue any future economic studies with increased confidence

In addition to the discipline-based learning outcomes and objectives, all academic programs at Macquarie seek to develop students' generic skills in a range of areas. The aims of this unit are that students develop their written communication skills, in particular develop the ability to describe data presented in graphical form and link this to their written responses; and develop skills in their capacity to engage in problem solving and critical thinking.

8. TEACHING AND LEARNING STRATEGY

This unit will be taught using a combination of both lectures and workshops.

It is expected that students will:

- Attend all lectures and workshops
- Read the set chapters from their textbook or one of the alternative supplementary texts – preferably in advance of lecture attendance
- Attempt practice questions in their textbook (and/or MyEconLab) for personal revision
- Prepare for workshops in advance
- Students may be required to work in small groups and present workshop solutions to the class

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
3. Elasticity Concepts
4. Production and Costs
5. Pricing in Different Market Structures: Perfect Competition and Monopoly

B. Macroeconomics

1. Basic Macroeconomic Concepts; An Overview of Keynesian Theory and Classical Theory
2. The Income-Expenditure Model; Inflationary and Deflationary Gaps; Multipliers
3. Demand for and Supply of Money
4. AD-AS Model
5. Fiscal Policy
6. Monetary Policy

A comprehensive calendar of topics to be covered on a week by week basis can be found on the page 14 of this Unit Outline.

9. ASSESSMENT

The purpose of the assessment tasks within this unit are to assist students in achieving the learning objectives set out in section 7, above, and are also a means of calculating a student's final grade for this course.

Assessment in the course will be as follows:

Name of Assessment Task	%	Description of Assessment Task	When	What will the Assessment be on?	Learning Objectives
Test 1	10	Short answer 30 minutes	Week 4 during normal lecture time	All lecture material up to and including week 3	i - iv
Test 2	30	30 multiple choice 1 hour	Week 8 during normal lecture time	All material (lectures, workshop, and textbook readings) from weeks 1-7	i - iv
Final Exam	60	3 hours + 10 minutes reading time	End of Trimester Exam Period	All material (lectures, workshop, and textbook readings) from weeks 1-12	i - iv

TEST 1

The purpose of this test is to examine each student's written ability to recall, explain and apply concepts learnt in the first few weeks, using short answer questions.

We will endeavour to provide students with their mark and written comments within 2 weeks after the test. Papers will be returned during class time.

The criteria and standards against which this task will be marked can be found attached as an appendix to this document on page 15.

Attendance at this 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 need to contact Mrs Karen Mills (kmills@efs.mq.edu.au) and will be required to complete an application for Special Consideration.

TEST 2

The purpose of this test is to examine each student's ability to recall, understand and apply concepts learnt in the microeconomic section of the course (weeks 1 – 7), using a multiple choice format.

We will endeavour to provide students with their mark no later than 2 weeks after the test. Results will be placed on the unit web site (listed by student ID only), along with general comments. A short amount of class time will be spent going over the answers to the questions that students had most difficulty with.

The criteria and standards against which this task will be marked can be found attached as an appendix to this document on page 16.

Attendance at this 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 need to contact Mrs Karen Mills and will be required to complete an application for Special Consideration.

FINAL EXAM

A 3 hour final examination for this unit will be held during the Master of Accounting final examination period. Further details regarding the structure and format of the final exam will be provided to students later in the trimester.

The Master of Accounting Examination period for Trimester 1, 2009 is from **Tuesday 14 April to Monday 20 April**.

You are expected to present yourself for examination at the time and place designated in the Master of Accounting Examination Timetable. The timetable will be available in week 9 from the MAcc website:

http://www.accg.mq.edu.au/ss/macc/examinations/examination_timetables

The only exception to not sitting an examination at the designated time is because of documented illness or unavoidable disruption. In these circumstances you may wish to consider applying for Special Consideration. Information about unavoidable disruption and the special consideration process is available at

<http://www.accg.mq.edu.au/ss/macc/examinations#consideration>

If a Supplementary Examination is granted as a result of the Special Consideration process, you must be available to sit the exam at the time specified by the Master of Accounting office.

You are advised that it is Macquarie University policy not to set early examinations for individuals or groups of students. All students are expected to ensure that they are available until the end of the teaching trimester, that is the final day of the official examination period.

10. PLAGIARISM

All assessment is subject to the University's rules and information to students set out in the Handbook of Postgraduate Studies. You are particularly referred to rules of the various postgraduate awards; and with the Student Information regarding Plagiarism and Assessment.

CHEATING AND PLAGIARISM

To cheat in the context of university assignments, tests and examinations is to attempt to gain an unfair advantage by violating the principles of intellectual and scholarly integrity. Cheating also encompasses plagiarism, which is the appropriation or imitation of another person's ideas and manner of expressing them.

WHAT IS CHEATING?

You will be guilty of cheating if you do any of the following:

1. Copy from another student during a test or examination. This is cheating whether or not there is collusion between the students involved. Collusion with another student who wishes to cheat from you exposes both parties to penalties under University Regulations.
2. Use or paraphrase the work of others, including any document, audio-visual or computer-based material, when preparing an assignment or writing an examination, and pretend it is your own work by not acknowledging where it came from.
3. Copy from another student's coursework whether that copying is with or without the knowledge of that student. This includes:
 - copying all or part of someone else's assignment
 - allowing someone else to copy all or part of your assignment
 - providing your assignment (or other materials for an assignment) to another student
 - having someone else do all or part of an assignment for you
 - doing all or part of someone else's assignment for them.
4. Make up data and fabricate results in research assignments.
5. Impersonate someone else in an examination or test, or arrange such impersonation.
6. Use forbidden material in a test or examination, whether in printed or electronic form. For example, attempting to use a non-standard calculator in a restricted calculator examination.

WHY IS IT WRONG?

If you take and use the work of another person without clearly stating or acknowledging your source, you are falsely claiming that material as your own work and committing an act of plagiarism. This is wrong because it:

- violates the principle of intellectual and scholarly integrity;
- devalues the grades and qualifications gained legitimately by other students; and
- fails to allow you demonstrate your own understanding of the material.

PREVENTING CHEATING

All students and staff have a responsibility to prevent, discourage and report cheating.

Typically students cheat because they are having difficulty with the unit content, the language of the unit, or both. Cheating and/or plagiarism can be a temptation when students are experiencing difficulty with a heavy workload in the unit and seek to save time by using others' work.

To avoid having students resort to cheating, the University provides many services to help students with their course or to make thoughtful decisions about whether to continue. Within the Faculty of Business and Economics, students should first seek assistance from their lecturer. Staff at the Centre for Macquarie English are also an excellent resource for plagiarism questions and language issues. The University also offers help through the Dean of Students or the University Health and Counseling Services.

There is a difference between getting help and cheating. You are encouraged to get help if you need assistance to understand the material and any set work so that you are in a better position to create your own answers. You might also want to have group discussions with your colleagues to debate the different issues surrounding a form of assessment. However the work you submit for your assessment must be in your own words and must not be those of another person.

HOW TO PLAY SAFE

To maintain good academic practice, so that you may be given credit for your own efforts, and so that your own contribution can be properly appreciated and evaluated, you should acknowledge your sources and you should *ALWAYS*:

- (i) State clearly in the appropriate form where you found the material on which you have based your work, using the system of reference specified by the Division in which your assignment was set;
- (ii) Acknowledge the people whose concepts, experiments or results you have extracted, developed or summarised, even if you put these ideas into your own words;
- (iii) Avoid excessive copying of passages by another author, even where the source is acknowledged. Find another form of words to show that you have thought about the material and understood it, but remember to state clearly where you found the ideas.

There is nothing wrong with working with other students in a group; indeed sometimes you will be encouraged to do so. But after a certain point, each student must work on their own to produce their own written answers. If no specific guidelines for group-work have been given, a reasonable interpretation is that it is acceptable for two or more students to discuss a problem among themselves or with a staff member. The group may then agree that the answer should include certain points. But then each member of the group must independently write their own answer to the problem.

PENALTIES

Offences of plagiarism will attract penalties which at a minimum, will result in the deduction of marks for the test and/or assignment, to ultimately a failure in the unit and reference to the University Discipline Committee. The penalty will depend upon the extent of the plagiarism, whether it is a first or repeated offence, whether there is evidence of deliberate deceit and whether advantage has been taken of another student. In some cases this can result in the suspension of the student from enrolment in the university. In all cases however, a record of

any offence and/or incident, along with correspondence, will be placed permanently on the students' individual record file held at the university.

11. DETERMINATION OF OVERALL GRADE

Note that it is a requirement of this course that students pass the final exam in order to pass this course. If this requirement is not met then a student's SNG will equal their final exam mark.

Academic Senate has a set of guidelines on the distribution of grades across the range from fail to high distinction. Your final result will include one of these grades plus a standardised numerical grade (SNG).

On occasion, your raw mark for a unit (i.e, the total of your marks for each assessment item) may not be the same as the SNG which you receive. The process of scaling does not change the order of marks among students. A student who receives a higher mark than another will also receive a higher final scaled mark.

The policy does not require that a minimum number of students are to be failed in any unit.

12. STUDENT SUPPORT SERVICES

Academic: If you are having difficulty in understanding any of your courses or what is required of you, then contact your lecturer or the lecturer in charge of that course.

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.

Macquarie University provides a range of Academic Student Support Services. Details can be accessed at: <http://www.student.mq.edu.au>

Further, CME provides Study Skills workshops for MAcc students. For the timetable, see <http://www.accg.mq.edu.au/macc>

13. READING GUIDE FOR LECTURES ON MICROECONOMICS

The Economic Problem and The Economic Way of Thinking

McTaggart, Findlay, and Parkin	Chs 1 & 2
Layton, Robinson, and Tucker	Chs 1 & 2
Gans, King, Stonecash, and Mankiw	Chs 1 & 2
Jackson, McIver, and Bajada	Ch 1
Swann, and McEachern	Chs 1, 2 & 3
Sloman, and Norris	Ch 1

Demand and Supply

McTaggart, Findlay, and Parkin	Chs 3, 5 & 6 (pp.129-137)
Layton, Robinson, and Tucker	Chs 3 & 4
Gans, King, Stonecash, and Mankiw	Chs 4, 6 (pp.109-119) & 7
Jackson, McIver, and Bajada	Ch 2
Swann, and McEachern	Ch 4
Sloman, and Norris	Ch 2

Elasticity of Demand

McTaggart, Findlay, and Parkin	Chs 4 & 6 (pp.138-142)
Layton, Robinson, and Tucker	Ch 5
Gans, King, Stonecash, and Mankiw	Chs 5 & 6 (pp.119-125)
Jackson, McIver, and Bajada	Ch 3
Swann, and McEachern	Ch 5
Sloman, and Norris	Ch 3

Production and Costs

McTaggart, Findlay, and Parkin	Ch 9
Layton, Robinson, and Tucker	Ch 6
Gans, King, Stonecash, and Mankiw	Ch 13
Jackson, McIver, and Bajada	Ch 4
Swann, and McEachern	Chs 8 & 9
Sloman, and Norris	Ch 4

Perfect Competition

McTaggart, Findlay, and Parkin	Ch 10
Layton, Robinson, and Tucker	Ch 7
Gans, King, Stonecash, and Mankiw	Ch 14
Swann, and McEachern	Ch 10
Jackson, McIver, and Bajada	Ch 5 (pp.124-145)
Sloman, and Norris	Chs 5 & 6

Monopoly

McTaggart, Findlay, and Parkin	Ch 11
Layton, Robinson, and Tucker	Ch 8
Gans, King, Stonecash, and Mankiw	Ch 15
Swann, and McEachern	Ch 11
Jackson, McIver, and Bajada	Ch 5 (pp.146-163)
Sloman, and Norris	Chs 5 & 6

14. READING GUIDE FOR LECTURES ON MACROECONOMICS

Basic Macroeconomic Concepts

McTaggart, Findlay, and Parkin	Chs 19 & 20
Layton, Robinson, and Tucker	Chs 11 & 12 (pp. 324-333)
Hubbard, Garnett, Lewis, and O'Brien	Ch 5
Gans, King, Stonecash, and Mankiw	Ch 22
Jackson, McIver, and Bajada	Ch 8
Taylor and Moosa	Chs 5 (pp.99-104), & 6
Sloman, and Norris	Ch 10

The Keynesian I-E Model

McTaggart, Findlay, and Parkin	Ch 24 (pp.557-572)
Layton, Robinson, and Tucker	Ch 14 (pp.390-401, pp.432-434)
Hubbard, Garnett, Lewis, and O'Brien	Ch 8
Jackson, McIver, and Bajada	Extension Ch 4
Taylor and Moosa	Chs 11 & 12
Sloman, and Norris	Ch 11

The Demand and Supply of Money

<i>E-RESERVE</i> : Layton, Robinson, and Tucker	Ch 15
McTaggart, Findlay, and Parkin	Ch 26
Jackson, McIver, and Bajada	Ch 11 (pp.348-354)
Sloman, and Norris	Ch 13

AD-AS Model

McTaggart, Findlay, and Parkin	Chs 22, 24 (pp.573-577 & pp.580-581)
Layton, Robinson, and Tucker	Ch 14 (pp.401-424)
Hubbard, Garnett, Lewis, and O'Brien	Ch 9
Gans, King, Stonecash, and Mankiw	Ch 31
Jackson, McIver, and Bajada	Ch 9
Sloman, and Norris	Ch 12

Fiscal Policy

McTaggart, Findlay, and Parkin	Ch 25
Layton, Robinson, and Tucker	Ch 17
Jackson, McIver, and Bajada	Ch 10
Sloman, and Norris	Ch 14 (pp.334-342)
Hubbard, Garnett, Lewis, and O'Brien	Ch 14
Gans, King, Stonecash, and Mankiw	Ch 32

Monetary Policy

McTaggart, Findlay, and Parkin	Ch 27
Layton, Robinson, and Tucker	Ch 16
Jackson, McIver, and Bajada	Ch 11 (pp.355-356 & 368-388)
Sloman, and Norris	Ch 14 (pp.342-349)
Hubbard, Garnett, Lewis, and O'Brien	Ch 13
Gans, King, Stonecash, and Mankiw	Ch 32

15. COURSE CALENDAR

Week	Topic	Reading (Set Text)	Reminders
1 January 19	Introduction and The Economic Way of Thinking	Chs 1 & 2	
2 January 26	Demand and Supply	Chs 3, 5, & 6 (pp.129-137)	
3 February 2	Elasticity	Chs 4 & 6 (pp.138-142)	
4 February 9	Production and Costs	Ch 9	Test 1 – short answer
5 February 16	Perfect Competition	Ch 10	Workshop 1
6 February 23	Perfect Competition (cont.) and Monopoly	Ch 11	
7 March 2	Monopoly (cont.) Revision		Workshop 2
8 March 9			Test 2 – multiple choice CME Workshop
9 March 16	Introduction to Macroeconomics and The Keynesian Model	Chs 19 & 20	
10 March 23	The Keynesian Model cont. and the Money Market	Ch 24 (pp.557-572) & E-Reserve Chapter	
11 March 30	Aggregate Demand/ Aggregate Supply Model and Fiscal Policy	Chs 22, 24 (pp.573-577 & pp.580-581) & 25	
12 April 6	Fiscal Policy cont. and Monetary Policy, Revision	Ch 27	Workshop 3

APPENDIX 1: TEST 1 – SHORT ANSWER (’/10)

Level of attainment	Developing (0-4)	Functional (5-6)	Proficient (7-8)	Advanced (9-10)
TEST 1 – Short Answer	<ul style="list-style-type: none"> • Limited knowledge and understanding of required economic concepts and theories • Inaccurate reproduction of text and lectures • Inaccurate reproduction of or failure to identify appropriate economic diagrams • No integration of relevant diagrams into written response 	<ul style="list-style-type: none"> • Mostly accurate reproduction and use of economic concepts and theories • Shows adequate breadth, but limited depth of understanding of basic economic concepts and theories • Partially accurate reproduction of required diagrams • Partial integration of relevant diagrams into written response 	<ul style="list-style-type: none"> • Accurate reproduction and use of economic concepts and theories • Exhibits accurate and substantial breadth and depth of understanding of economic concepts and theories • Substantially accurate reproduction of required diagrams • Substantial integration of relevant diagrams into written response 	<ul style="list-style-type: none"> • Accurate reproduction and use of economic concepts and theories • Shows understanding of how facts are generated • Exhibits accurate and elaborate breadth and depth of understanding of economic concepts and theories • Accurate reproduction of required diagrams • Seamlessly integrated relevant diagrams into written response

APPENDIX 2: TEST 2 – MULTIPLE CHOICE (‘/30)

Level of attainment	Developing (0-12)	Functional (13-19)	Proficient (20-25)	Advanced (26-30)
TEST 2 – Multiple Choice	<ul style="list-style-type: none"> • Limited knowledge and understanding of required economic concepts and theories • Inaccurate knowledge of economic diagrams • Limited ability to apply economic concepts and theories to practical situations 	<ul style="list-style-type: none"> • Moderately accurate knowledge of economic concepts and theories • Shows adequate breadth, but limited depth of understanding of basic economic concepts and theories • Partially accurate knowledge of required diagrams • Moderate ability to apply economic concepts and theories to practical situations 	<ul style="list-style-type: none"> • Substantially accurate knowledge of economic concepts and theories • Exhibits accurate and substantial breadth and depth of understanding of economic concepts and theories • Substantially accurate knowledge of required diagrams • Substantial ability to apply economic concepts and theories to practical situations 	<ul style="list-style-type: none"> • Accurate knowledge of economic concepts and theories • Shows understanding of how facts are generated • Exhibits accurate and elaborate breadth and depth of understanding of economic concepts and theories • Accurate knowledge of required diagrams • Extensive ability to apply economic concepts and theories to practical situations