



MACQUARIE UNIVERSITY

Division of Economic and Financial Studies

BBA103 BUSINESS ECONOMICS

2007

CIRCULAR 1

**GENERAL INFORMATION AND
UNIT OUTLINE**

MACQUARIE UNIVERSITY
DIVISION OF ECONOMIC AND FINANCIAL STUDIES
BBA103 BUSINESS ECONOMICS 2007

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QUICK REFERENCE: USEFUL SOURCES OF INFORMATION

- For **administrative matters**, contact Allan McHarg, Ph: 9850-8492, E4A-417.
- The **unit web site** is at

<http://www.econ.mq.edu.au/courses/bba103/>

You will find most, if not all, of the information about the course at this site.

1. INTRODUCTION AND OVERVIEW OF THE COURSE

Welcome to BBA103 *Business Economics*.

BBA103 *Business Economics* provides an introduction to economics that highlights the relevance of economics to business. BBA103 is a core course for Business Administration students. It provides a foundation for some later courses in economics within the Department of Business, specifically BBA204 Industry Policy and Business Management, and BBA214 Macroeconomic Policy and Business.

BBA103 *Business Economics* introduces students to both microeconomics and macroeconomics.

The microeconomic component examines questions of price determination and resource allocation and considers how firms take relative prices into account in their decision making.

The macroeconomic component is concerned with the study of the economy as a whole, that is, as a single aggregate entity. It considers the key determinants of the level of economic activity. It is particularly concerned with the impact of interest rates, exchange rates, and government macroeconomic policies and overall economic activity on business owners and managers.

The topics included in **BBA103** are:

Introduction

The Economic Way of Thinking
Economics and Business

Microeconomics

Markets and Prices
Theory of Trade
Production and Cost Decisions
The Meaning and Significance of Efficiency
Profit Maximising Decisions in Perfect and Imperfect Markets
Oligopoly and Strategic Behaviour

Macroeconomics

The Macroeconomic Environment
A Simple Model of the Macro Economy
The International Setting
Macroeconomic Policies of Government

2. LECTURES

There are three lectures per week throughout the first semester. The **day** lectures are on Monday 12-2PM in E7B Mason Theatre and on Tuesday 1-2PM, in W5A Price Theatre. The **evening** lectures are on Mondays 6-9 PM in W6B-336.

Allan McHarg (lecturer-in-charge) will present the microeconomic component of the course in lecture weeks 1-9 (Room E4A-417, phone: 9850-8492).

Michael Dobbie will present the macroeconomic component of the course in lecture weeks 10-13. (Room E4A-416, phone: 9850-8502).

You are strongly encouraged to attend the lectures so that the analytical content of the subject can be outlined and a basis provided for your reading and tutorial preparation. It is important for you to recognise however, that lectures should be considered as a supplement to, rather than a substitute for, your study of the recommended reading material. Ultimately your success in this course will depend on your willingness to use the library facilities to read about economics, and your willingness to be diligent in your learning endeavours.

3. TUTORIALS

For each tutorial group there will be **eight** meetings during the semester. Tutorials will be held in weeks 4,5, 6, and 9,10, 11, 12 ,13. Tutorials are designed to review and extend some of the material covered in lectures and texts. As far as possible, each tutorial will lag one week or so behind the coverage of the same topic in lectures. Tutorial topics are indicated on the Course Calendar on page 10 of this Course Outline.

The questions to be covered in tutorials are presented in Circular 2. Whilst tutorial attendance is not compulsory, a record of attendance will be kept and may assist in resolving borderline cases in the final assessment for this unit.

Students were assigned to a tutorial group via the on-line system of the time of enrolment in BBA103. If you need to change your tutorial time you may do so (if space is available) at the on-line change of program sessions in **Week 2 up until 3 pm Thursday in Week 2.**

4. ASSESSMENT

Assessment will be as follows:

	%
(a) Compulsory Multiple Choice Test (Monday 23/4/2007)	10
(b) Compulsory Assignment (due Monday 14/5/2007)	15
(c) Final Examination	<u>75</u>
	100

All of the above segments for assessment are an integral part of the course requirements and all are compulsory. A student's failure to submit the assignment means that course requirements will not have been satisfied and a fail grade in BBA103 will be automatically recorded for that student notwithstanding the adequacy of the student's academic performance in other work and in the final examination. Likewise, the multiple choice test is compulsory and attendance at this test is a prerequisite for a consideration of a passing grade in this subject.

In terms of the overall assessment no rigid pass mark can be laid down in advance. Students however should be aware of the general condition that in order to pass the course they are expected to perform satisfactorily in all segments of the course. Notwithstanding a student's performance in the assignment and in the multiple choice test, an adequate result in the final examination is required if the student is to complete the course satisfactorily. To be more specific, a precondition for passing the course is a pass in the final examination; a student will not pass the course if his or her final examination result is poor even if his or her other work is satisfactory.

(a) Compulsory Multiple Choice Test

A multiple-choice test will be held during the normal lecture sessions on Monday 23, April 2007. 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 "The Meaning and Significance of Efficiency" ie. material covered in weeks 1-6 of the semester. The test will account for 10% of the total marks used to assess your grade for the course. Note, that this compulsory test is held on the first day back after the mid-semester break; there will be no alternative test and a late return from the vacation period will not be regarded as a valid excuse for non-attendance at this compulsory test.

(b) Compulsory Assignment

An assignment worth 15% of the total marks allocated for assessment is required to be submitted on or before 7.30 pm Monday, 14 May 2007. This assignment will be distributed just prior to the mid-semester break. Each completed assignment must be deposited in the BBA103 assignment box in **E4B-106**. You must keep a photocopy of the work you submit for marking.

(c) Final Examination

The final examination will be held during the University's Mid-Year Examination period. The examination (3 hours) is worth 75% of the marks used for assessment. The exam will consist of two components:

- (i) Multiple choice questions (approximately 40% of the exam)
- (ii) Discussion questions (approximately 60%).

To re-emphasise, a student in order to pass the course is required to perform satisfactorily in both the **multiple choice test** and in the **assignment** and achieve a **pass** in the **final exam**.

5. PLAGIARISM AND HOW TO AVOID IT

Each essay and 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 be dealt with severely. We draw your attention to the fact that the Discipline Committee of the University has the power to exclude a student from the University for malpractice and that each year this provision is invoked.

The following statement relating to collusion and plagiarism has been prepared by the University.

“The integrity of learning and scholarship depends on a code of conduct governing good practice and acceptable academic behaviour. One of the most important elements of good practice involves acknowledging carefully the people whose ideas we have used, borrowed, or developed. All students and scholars are bound by these rules because all scholarly work depends in one way or another on the work of others”.

Therefore, there is nothing wrong in using the work of others as a basis for your own work, nor is it evidence of inadequacy on your part, *provided you do not attempt to pass off someone else's work as your own.*

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 an appropriate form, where you found the material on which you have based your work.
- (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.

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 a very serious violation of good practice and an offence for which you will be penalised.

YOU WILL BE GUILTY OF PLAGIARISM if you do any of the following in an assignment, or in any piece of work which is to be assessed, *without clearly acknowledging your source(s) for each quotation or piece of borrowed material*:

- (a) Copy out part(s) of any document or audio-visual material, including computer-based material;
- (b) Use or extract someone else's concepts or experimental results or conclusions, even if you put them in your own words;
- (c) Copy out or take ideas from the work of another student, even if you put the borrowed material in your own words;
- (d) Submit substantially the same final version of any material as a fellow student. On occasions, you may be encouraged to prepare your work with someone else, but the final form of the assignment you hand in must be your own independent endeavour.

The simplest way to avoid plagiarism is to be open about your sources. There is no academic demerit in this. Many of the ideas used in essays, articles and books inevitably build on the work of others, and it is only honest and courteous to acknowledge those to whom you are indebted.

Further statements on plagiarism can be found on pages 17 and 46 of the 2007 Handbook of Undergraduate Studies.

6. ENQUIRIES AND PROBLEMS

Administrative: If you have administrative enquires, contact:

Allan McHarg (Room: E4A-417, phone: 9850-8492)

(a) Academic:

If you are having difficulty understanding the course or what is required of you, contact your tutor. In the first tutorial session, tutors will advise students of their contact details and consultation hours if you need assistance outside of tutorial times. When tutors/lecturers are not in their rooms, it is best to **leave a note under their door** containing your name and telephone number so that you can be contacted at a convenient

time. Many problems can be resolved by telephone. If your tutor is unable to help, contact one of the other academic staff members in this course. Once the semester gets underway members of staff have their student consultation hours displayed on their doors.

(b) Personal:

If, for whatever reason, you find yourself in serious difficulties in relation to your university studies, you are strongly encouraged to inform your tutor 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 tutor is aware that a problem exists. 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 career. Often these will occur in your first year. 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 University Counselling and Health Services, all of whom have experience with a very wide range of situations.

(c) Special Consideration

If you are unfortunate enough to suffer accident, illness, or any other major disturbance which affects your work, you may apply to have account taken of this in the assessment of your performance. To do this, you should **write to the Registrar immediately the problem arises**, stating:

- (a) the units you are enrolled in;
- (b) details of any work affected or missed;
- (c) the nature of the problem, including evidence (e.g., medical certificate/s where applicable).

This procedure ensures that the lecturers-in-charge of **all** your units are informed. Remember, a request for special consideration will not be entertained in respect of a particular examination if that request is made after the end of the exam period (see 2007 Handbook of Undergraduate Studies, page 42).

Students should be fully aware of what constitutes and what does not constitute unavoidable disruption to studies; for details see pages 18 and 40 of the 2007 Handbook of Undergraduate Studies.

STUDENTS' RESPONSIBILITIES

University Staff provide a wide range of services to assist you with the course. These include:

- lectures
- tutorials
- individual consultation upon request
- assistance with study skills (library, audiovisual section)
- assistance with writing skills (English for Academic Purposes)
- assistance with mathematical skills (Numeracy Centre)
- assistance with personal problems (Counselling Service)

However, it is **your** responsibility, not that of the staff, to ensure that a satisfactory understanding of the course material is achieved. How this understanding is achieved is also your responsibility. There are no fixed formulae. Lectures and tutorials are available to you if you find them helpful (as most do). Although attendance is desirable and strongly encouraged, we do not enforce it.

Satisfactory standards will not be achieved by mere attendance at classes. It is essential that you regularly ask yourself whether you are really understanding coursework or coping with your studies, and to initiate some action if you are not. It is possible to do yourself a disservice by being aware of a problem, whether academic or personal, and doing nothing about it.

BBA103 has a credit-point value of 3. You should spend on average **9** hours per week (lectures, tutorials, study, etc.) on this unit.

IF YOU ARE NOT SPENDING AT LEAST 9 HOURS PER WEEK ON BBA 103 THEN YOU ARE DELUDING YOURSELF ABOUT THE AMOUNT OF WORK NECESSARY TO COMPLETE THIS UNIT SATISFACTORILY.

7. TEXTBOOKS

The set text for the course is:

A. Layton, T Robinson, I Tucker, *Economics For Today*, Thompson, Australia. 2nd Edition, 2005.

In addition to the text, students should acquire three booklets of **BBA103 Course Readings**. These will be available from the bookshop. Booklet 1 provides an introduction to the Economic Way of Thinking, booklet 2 provides additional material on Microeconomics and booklet 3 provides additional material on Macroeconomics.

The following books cover much the same ground on microeconomics as the set text by Layton, Robinson and Tucker and at approximately the same level of difficulty.

Jackson, J., and McIver, R. (2001) *Microeconomics*, McGraw-Hill, Sydney.

Sloman, J. and Norris K., *Microeconomics*, Addison-Wesley, Sydney, 1999.

Sloman, J., *Economics*, Prentice-Hall, London, 3rd edn., 1997.

M. Swann, W.A. McEachern – *Microeconomics – A Contemporary Introduction – Australian Edition*, Nelson, Thomson Learning, Melbourne 2001.

McTaggart, D. Findlay, D. and Parkin, M., *Microeconomics*, Addison-Wesley, Melbourne, 3rd edn., 1999.

Taylor, J.B., Moosa, I. and Cowling B., *Economics: Australian Edition*, Jacaranda Wiley, Brisbane, 1999.

**8. COURSE CALENDAR BBA 103
2007**

Week	Lecture Date	Lecture Topic	Tutorials	Assessment
1	February 26	The Economic Way of Thinking; Economics and Business.		
2	March 5	Demand and Supply Analysis		
3	March 12	Elasticity of Demand		
4	March 19	Theory of Trade	1. Introduction, Demand and Supply Analysis	
5	March 26	Production and Cost Decisions	2. Elasticity of Demand	
6	April 2	The Meaning and Significance of Efficiency	3. Production and Cost Decisions	
MID-SEMESTER BREAK: FRIDAY, 6 APRIL TO SUNDAY, 22 APRIL.				
7	April 23	Profit Maximising Decisions: Perfect Competition		MULTIPLE CHOICE TEST Monday 23, April
8	April 30	Profit Maximising Decisions: Imperfect Competition		
9	May 7	Oligopoly and Strategic Behaviour	4. Profit Maximising Decisions: Perfect Competition	
10	May 14	The Macroeconomic Environment	5. Profit Maximising Decisions: Imperfect Competition	ASSIGNMENT DUE : Monday 14, May. Submit BBA Box E4B106
11	May 21	A Simple Model of the Macro Economy	6. The Macroeconomic Environment	
12	May 28	The International Setting	7. A Simple Model of the Macro Economy	
13	June 4	Macroeconomic Policies of Government	8. The International Setting	

9. READING GUIDE FOR MICROECONOMICS

Week 1

Lecture 1: Administration and Introductory Comments

See course outline.

Lecture 2: Introduction to the Economic Way of Thinking

Layton, Robinson and Tucker, *Economics for Today*, pp. 1 – 17 and 23 – 32.

Franke and Bernanke “Thinking Like an Economist” in *BBA103 Course Readings 1*.

McEachern “The Art and Science of Economic Analysis” in *BBA103 Course Readings 1*.

Mankiw, “Ten Principles of Economics” in *BBA103 Course Readings 1*.

Lecture 3: Production Possibilities and Opportunity Costs

Layton, Robinson and Tucker, *Economics for Today*, pp. 34 – 50.

Amacher and Ulbrich “Economics, Economic Issues and Economic Methods” in *BBA103 Course Readings 1*.

Weeks 2 and 3

Lectures 4 and 5: Market Demand and Supply

Layton, Robinson and Tucker, *Economics for Today*, pp. 58 – 81.

Lectures 6 and 7 : Markets in Action

Layton, Robinson and Tucker, *Economics for Today*, pp. 89 – 109.

Lectures 8 and 9 : Elasticity of Supply and Demand

Layton, Robinson and Tucker, *Economics for Today*, pp. 115 – 140.

Eckert and Leftwich “Price Elasticity of Demand” in *BBA103 Course Readings 2*.

Week 4

Lecture 10: Theory of Trade I

Pindyck and Rubinfeld, “Consumer and Producer Surplus” in *BBA103 Course Readings 2*.

Lecture 11: Theory of Trade II

Layton, Robinson and Tucker, *Economics for Today*, pp.50 – 51 and pp. 532 – 550.

Ingram “Why Nations Trade” in *BBA103 Course Readings 2*.

Lecture 12: Theory of Trade III

Layton, Robinson and Tucker, *Economics for Today*, pp. 532 – 550.

McCloskey “Specialisation and Comparative Advantage” in *BBA103 Course Readings 2*.

Landsburg “The Iowa Car Crop” in *BBA103 Course Readings 2*.

Week 5

Lecture 13: Production and Cost I

Layton, Robinson and Tucker, *Economics for Today*, pp. 144 – 159.

Lecture 14: Production and Cost II

Layton, Robinson and Tucker, *Economics for Today*, pp. 159 – 164.

Lecture 15: Production and Cost III

Maurice and Phillips “Theory of Production (Isoquant and Isocost Analysis)” in *BBA103 Course Readings 2*.

Week 6

Lecture 16: The Meaning and Significance of Efficiency I

Pindyck and Rubinfeld “Consumer and Producer Surplus” in *BBA103 Course Readings 2*.

Lecture 17: The Meaning and Significance of Efficiency II

Mansfield “Resource Allocation and the Edgeworth Box Diagram” pp. 498 – 501 in *BBA103 Course Readings 2*.

Lecture 18: The Meaning and Significance of Efficiency III

Mansfield “Resource Allocation and the Edgeworth Box Diagram” pp. 501 – 509 in *BBA103 Course Readings 2*.

Week 7

Lecture 19: Profit maximisation and Perfect Competition

Layton, Robinson and Tucker, *Economics for Today*, pp. 172 – 183.

Lecture 20: Short Run Equilibrium of the Firm

Layton, Robinson and Tucker, *Economics for Today*, pp. 183 – 189.

Lecture 21: The Long Run Equilibrium of the Firm

Layton, Robinson and Tucker, *Economics for Today*, pp. 189 – 192.

Week 8

Lecture 22: Monopoly I

Layton, Robinson and Tucker, *Economics for Today*, pp. 207 – 218.

Lecture 23: Monopoly II

Layton, Robinson and Tucker, *Economics for Today*, pp. 219 – 221.

Lecture 24: Monopoly III

Layton, Robinson and Tucker, *Economics for Today*, pp. 221 – 229.

Week 9

Lecture 25: Monopolistic Competition

Layton, Robinson and Tucker, *Economics for Today*, pp. 233 – 245.

Lecture 26: Oligopoly I

Layton, Robinson and Tucker, *Economics for Today*, pp. 245 – 250.

Lecture 27: Oligopoly II

Layton, Robinson and Tucker, *Economics for Today*, pp. 250 – 257.

10. READING GUIDE FOR MACROECONOMICS

Week 10

Lectures 29-30: The Macroeconomic Environment

Layton, Robinson and Tucker, *Economics for Today*, pp. 292 – 319, 325 – 348, 352 – 383.

BBA103 Course Readings 3, pp. 1 – 52.

Week 11

Lectures 31-33: A Simple Model of the Macro Economy

Layton, Robinson and Tucker, *Economics for Today*, pp. 390 – 401 and pp 432-434.

BBA103 Course Readings 3, pp. 53 – 77.

Week 12

Lectures 34-36: The International Setting

Layton, Robinson and Tucker, *Economics for Today*, pp. 551 – 570.
BBA103 Course Readings 3, pp. 78– 103.

Week 13

Lectures 37-39: Macroeconomic Policies of Government

Layton, Robinson and Tucker, *Economics for Today*, pp. 435 – 451, 454 – 462,
471 – 489, 499 – 510.
BBA103 Course Readings 3, pp. 104 – 135.