



THE UNIVERSITY OF QUEENSLAND

SCHOOL OF ECONOMICS

SEMESTER 2, 2004

COURSE OUTLINE

ECON7002 ECONOMICS FOR COMMERCE

PREREQUISITES: NONE

INCOMPATIBLE: ECON7003 OR 7010 OR 7011 OR EC865 OR 868

UNITS: #2

LECTURERS

Dr Gareth Leeves (Course Coordinator)
Room 608, Colin Clark Building
Tel. 3365 6579
Fax: 3365 7299
Email: g.leeves@economics.uq.edu.au

Dr Jackie Robinson
Room 632, Colin Clark Building
Tel. 3365 6349
Email: j.robinson@economics.uq.edu.au

CONSULTATION TIMES

Monday 2 – 3 pm
Other times by appointment

Feel free to knock on my door or
alternatively ring to make a time.

LECTURE TIMETABLE

	DAY	TIME	LOCATION
Lecture	Monday	6 – 8 pm	Room 213, Gordon Greenwood Building (#32)
Tutorial A	Monday	8 – 9 pm	Room 208, General Purpose North (#39A)
Tutorial B	Monday	1 – 2 pm	Room 204, Chamberlain Building (#35)
Tutorial C	Monday	4 – 5 pm	Room 204, Chamberlain Building

Note: Tutorials will commence in **Week 2** of classes.

COURSE WWW DETAILS

Various materials for this course, such as course outline and reading list, are available from the following location <http://www.uq.edu.au/economics/>
The password required to access these materials will be given to you in class.

AIMS

The increasing reliance on microeconomic theories in government, business and personal decision making has been creating new demands on economists to redefine theories and to refine their applications.

The primary aim of this course is to provide students with a clear understanding of the basic microeconomic theories and of how theories relate to real world economic activities. At the end of the course, the students should be able to apply the theoretical tools in the real world context. This course will also be helpful to those students who eventually plan to take such courses as managerial economics, business economics, industrial economics, etc., and international trade and investment.

GRADUATE ATTRIBUTES

ECON7002 aims to provide students with a core, comprehensive and well-founded knowledge of economics. The course builds on core principles by considering applied issues, and interpreting economic data using the most appropriate and up-to-date texts that offer graduate students a chance to see from the outset how economic analysis can be applied to contemporary issues in Australia and other countries. The assessments are criteria-based where students will be able to demonstrate the ability to define and analyse problems. The course aims to develop students' analytical skills and to encourage drawing links with skills and knowledge developed in other core disciplines. Emphasis will be placed on application of principles to key economic problems, both domestic and international. Opportunity is given in tutorials and in assessment for students to apply economic reasoning to issues and to evaluate policies and to reflect critically on the justifications for economic decisions. Students are encouraged to organise information and ideas independently and to convey those ideas clearly and fluently in both written and spoken forms in tutorials and particularly in formal assessment through written examination.

TUTORIALS

Tutorial attendance is strongly recommended as an important supplement to lecture attendance. In the tutorials you will be able to clarify important points that you have not yet grasped. You will also practice the skills you will need to demonstrate in the mid-semester and final exams. Solutions to tutorial questions will be distributed via the web after the relevant sessions have taken place.

LECTURE NOTES (<http://www.uq.edu.au/economics/>)

Every effort will be made to make copies of detailed lecture notes and the lecturers' overheads available to students. However, students should note that **these lecture notes are not considered compulsory material for the course**. In line with University and DETYA policy therefore, the lecture notes will be made available for free download on the School of Economics web pages.

The password required to access these materials on the web will be given to you in class.

Students should attend lectures and tutorials, take detailed lecture notes and make sure they read the required text and other required reading materials

REQUIRED TEXT

Swann, M. and McEachern, W. A. *Microeconomics: A Contemporary Introduction*, 2nd edn, Thomson, 2003.

Other Useful Texts

Gregory Mankiw, N. *Principles of Economics*, 3rd edn, Thomson, 2003

Taylor, J. *Economics*, 4th edn, Houghton Mifflin, 2004.

METHOD OF ASSESSMENT

The aim of this course is to provide the students with a clear understanding of microeconomic theories and their applications in real world situations. The method of assessment is designed to test the students to find out whether the objectives of this course have been realised.

Students are required to demonstrate their understanding of the course contents by

- (i) applying theories to solve problems;
- (ii) taking part in class discussions regularly;
- (iii) undertaking a mid-semester test;
- (iv) writing answers to questions under examination conditions. The questions will be based on the topics presented and discussed in the lecture. The questions will be designed to test the students' understanding of the topics.

Assessment procedure and detailed distribution of marks

1.	Mid-semester	40%
2.	Final examination	<u>60%</u>
	Total	<u>100%</u>

Mid-semester test

A mid-semester test will be held in **Lecture Week 7 (6 Sept) during your usual lecture time in the usual lecture room**. No tutorials will take place that week. More details will be announced in the lectures. Students unable to sit for the test must request prior permission of the Course Coordinator by means of a written application and a medical certificate.

Final examination

The final examination will be of two hours duration and may consist of multiple choice questions and essays. The format of the examination will be announced in the lecture in due course.

ASSESSMENT CRITERIA

Criteria for the judgement of a student's level of achievement

Students will have to work out the answers to their tutorial exercises. In the final examination a grade of 7 means high distinction, a grade of 6 means distinction, a grade of 5 means credit and a grade of 4 means satisfactory achievement.

GRADE	CUT-OFF	CRITERIA
7	85%	Excellent comprehension of material and excellent development of a coherent argument relevant to the examination question; evidence of having done substantial additional reading.
6	75	Strong comprehension of material and strong development of coherent argument relevant to the examination question; evidence of having done some additional reading.
5	65	Adequate knowledge of material and adequate organisation of argument relevant to question; evidence of having done the essential reading.
4	50	Adequate knowledge of material but organisation of argument, although relevant to question, was weak.
3	45	While adequate knowledge was indicated, weak organisation of argument and the answer was not directly focused on the question posed.
2	30	Inadequate knowledge, weak organisation of argument, and answer was not relevant.
1	20	Student showed poor understanding of the issues and could not develop a relevant answer.

UQ DISABILITY ACTION PLAN

In accordance with the UQ Disability Action Plan, any student with a disability who may require alternative academic arrangements in the course is encouraged to seek advice at the commencement of the semester from a Disability Adviser at Student Support Services.

The University Health Service can arrange advice and assistance on professional accreditation/registration issues that might arise as a result of alternative arrangements.

PLAGIARISM

Plagiarism is the action or practice of taking and using as one's own, the thoughts or writings of another (without acknowledgement). The following practices constitute acts of plagiarism and are a major infringement of the University's academic values:

- Where paragraphs, sentences, a single sentence or significant parts of a sentence are copied directly, and are not enclosed in quotation marks and appropriately footnoted;
- Where direct quotations are not used, but are paraphrased or summarised, and the source of the material is not acknowledged either by footnoting or other simple reference within the text of the paper; and
- Where an idea which appears elsewhere in printed, electronic or audio-visual material is used or developed without reference being made to the author or the source of that material.

When a deliberate act of plagiarism is proven, the results of the assignment, exercise or procedure concerned may be annulled and such other action may be taken as Senate may consider appropriate in the circumstances of the case. This may extend to loss of credit in a subject and/or suspension of enrolment at the University. Don't take a chance! This University takes a very dim view of all forms of cheating.

Guidelines for correct referencing techniques can be found in the School of Economics publication *Guide for Assignment Presentation*, which is available for purchase from the Faculty Resource Centre, or can be accessed on the School of Economics web site, www.uq.edu.au/economics/

ABOUT THE LECTURERS

Dr. Gareth Leeves

Specialises in labour economics. Current research interests include, modelling aggregate employment flows, aggregate impact of labour market programs. He has published in journals such as Contemporary Economic Policy, Labour, Australian Economic Papers and the Australian Journal of Labour Economics.

Dr Jackie Robinson is an ecological economist. She currently holds a 60% research position with the Coastal Cooperative Research Centre leading a team of researchers studying wetland areas and their management. Her main areas of interest are in market failure including externalities and market power and the role of government.

SPECIAL EXAMINATIONS

The following is an extract from the Faculty of Business, Economics and Law *Faculty Guidelines and Amended 2004 Program Rules for Students enrolled in Undergraduate or Postgraduate Coursework Programs*. Full details can be found at www.bel.uq.edu.au

Special examinations will be granted if a student can demonstrate medical, compassionate or exceptional circumstances or hardship. Full documentation must accompany your application.

The following would normally constitute acceptable grounds for applying for special examinations:

- Illness or a serious health problem;
- Serious personal or emotional trauma;
- A sporting or cultural commitment at state, national or international representative level;
- Serious incapacity during an examination;
- In very exceptional circumstances, an important planned family or social commitment or unavoidable work commitment.

The following would **NOT** normally be acceptable grounds for applying for special examinations:

- Holiday arrangements, including overseas travel;
- Mis-reading an examination timetable;
- Social and leisure events, including sporting or cultural commitments, other than at state, national or international representative level;
- Applications made after the 7-day deadline;
- Carrying an overload, that is undertaking more than eight (#8) units per semester;

APPLICATION PROCEDURE - MID-SEMESTER EXAMINATIONS

Students requiring a special examination for mid-semester should contact the Course Co-ordinator and provide the documentation referred to below.

APPLICATION PROCEDURE - END OF SEMESTER EXAMINATIONS

All applications for special examinations for end of semester examinations are to be made on the form "Application for Special Examination" and accompanied by relevant documentation (see below). The application form must be submitted to the Student Centre, Level 1, J.D. Story Building (St. Lucia students) or the Student Centre, Ipswich Campus.

DOCUMENTATION REQUIRED TO ACCOMPANY APPLICATION FOR SPECIAL EXAMINATIONS

In the case of an application based on medical grounds, a student must present a **medical certificate** covering the date of the examination and stating the nature of the relevant impairment. Application made on non-medical grounds must be supported by a **Statutory Declaration** stating the facts on which the application relies and any relevant documentation to support the case. (See Section 2.3.1 of the *BEL Faculty Guidelines* for further details.)

A request for a special examination must be made as soon as possible, but not later than SEVEN DAYS after the date of the examination/test.

**It is possible that Special Examinations may be conducted as oral examinations.
See *BEL Faculty Guidelines* for further details.**



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TOPICS

1. -Introduction to Economics

The economic problem, scarce resources, use of graphs

Chapters 1 and 2

2. Choice and Production Possibilities

Opportunity cost, comparative advantage, production possibility frontier

Chapter 3

3. Market demand and supply and Markets and the Economy

Market demand curve, market supply curve, determinants of price, market equilibrium. Decision makers in the economy, Circular flow model.

Chapter 4 and 5

4. Consumer choice and Elasticity

Demand and supply elasticities, income elasticities, cross elasticities. Elasticity and tax incidence.

Chapter 6 and 7

5. Costs of Production

Production function; importance of MP, AP and TP; Production and Cost relationship; stages in Production Function. returns to scale; short and long run average costs; firm's expansion path and long run costs; economies of scope.

Chapter 8

6. Perfect Competition

Profit maximisation, Short-run decision making

Chapter 9 (217-231)

7. Mid-semester test

8. Perfect competition and Application of Competitive Model

Long-run equilibrium. Consumer and Producer Surplus, Total surplus and Efficient Output; effects of imports, tariffs or quota on consumer and producer surplus. Incidence of sales tax on consumer and supplied.

Chapter 9 (231-253)

9 Monopoly

Characteristics of monopoly, Short and long run equilibrium price and output; predatory pricing; perfect competition and monopoly comparison; price discrimination.

Chapter 10

10 Monopolistic Competition and Oligopoly

Equilibrium price and output – short-run and long-run; long-run equilibria in monopolistic and perfectly competitive markets; excess capacity and product diversity; monopolistic competition. Characteristics of oligopoly, theory of games – prisoners dilemma, cartels and collusion

Chapter 11

11 Market Regulation and Competition policy

Elements of competition policy, ACCC, Microeconomic reform

Chapters 13 and 14

12 Market Failure

Market failure – why market may fail to allocate resources efficiently; provision of public goods and efficient output; externalities; environmental pollution and pollution control.

Chapters 15 and 16

13 International Trade

Gains from trade, Trade policy, Arguments for trade restrictions

Chapter 18

Tutorial Exercises

Week 2: Chp 1 Review Questions 3, 4, and 5 Chp 2 Review Questions 5 and 10	Problem Set – 1 and 8 Problem Set - 5 and 9
Week 3: Chp 3 Review Questions 6 and 7	Problem Set – 2, 4 and 8
Week 4: Chp 4 Review Questions 3 and 7 Chp 5 Review Question 9	Problem Set – 9 and 10 Problem Set – 4 and 6
Week 5: Chp 6 Review Question 3 Chp 7 Review Question 6 and 9	Problem Set – 1 and 8 Problem Set – 7
Week 6: Chp 8 Review Questions 2 and 4	Problem Set – 6, 9 and 10
Week 8: Chp 9	Problem Set – 3 and 8
Week 9: Chp 10	Problem Set – 1, 2 and 7
Week 10: Chp 11	Problem Set – 2 and 6
Week 11: Chp 13 Chp 14	Problem Set – 5 Problem Set – 2
Week 12: Chp 15 Chp 16	Problem Set – 7 and 9 Problem Set – 6 and 8
Week 13: Chp 18	Problem Set – 2