Course Outline 2018
ECON152: PRINCIPLES OF ECONOMICS (15 POINTS)
Semester 2 (1185)

Course prescription

Offers a foundation analysis of the workings of market systems and the economy. This course provides students with a theoretical understanding of consumer and firm behaviour, and the implications of different market conditions for the operation of the market mechanism and government intervention. Aggregate economic activity in an open economy is explored and government policy implications and ramifications are assessed. The framework developed is used to examine and evaluate the operation of microeconomic and macroeconomic mechanisms and their interrelationships.

Course advice

Pre-requisite: Econ 151: Understanding the Global Economy.
OR:
A minimum of 16 credits in NCEA Level 3 Economics, having achieved a Merit average including standard 91399 (Demonstrate understanding of the efficiency of market equilibrium), or a scholarship pass in Economics, or B grade in CIE Economics or 4 out of 7 in Economics (HL) in IB.

Goals of the course

• To provide students with a general understanding of economic principles and their relevance to microeconomic and macroeconomic issues concerning business and the economy.
• To prepare continuing students for progression into stage II economics papers.
• To invoke and maintain a level of interest among students of economics.

Learning outcomes (LO)

<table>
<thead>
<tr>
<th>#</th>
<th>Learning outcome</th>
<th>Graduate profile capability*</th>
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</thead>
<tbody>
<tr>
<td>LO1</td>
<td>Understand the foundations of supply and demand</td>
<td>1. Disciplinary knowledge and practice</td>
</tr>
<tr>
<td>#</td>
<td>Learning outcome</td>
<td>Graduate profile capability*</td>
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<tr>
<td>LO2</td>
<td>Apply the basic theory of how consumers and firms behave in response to a range of problems</td>
<td>2. Critical thinking</td>
</tr>
<tr>
<td>LO3</td>
<td>Analyse simple models of competitive behaviour and industrial organisation</td>
<td>3. Solution seeking</td>
</tr>
<tr>
<td>LO4</td>
<td>Assess the limitations of markets and understand how governments can sometimes improve on market allocations</td>
<td>6. Social and environmental responsibilities</td>
</tr>
<tr>
<td>LO5</td>
<td>Understand the determinants of, and relationships between, different macroeconomic variables</td>
<td>1. Disciplinary knowledge and practice</td>
</tr>
<tr>
<td>LO6</td>
<td>Analyse the implications of international trade and capital movements for macroeconomic aggregates in a small open economy</td>
<td>3. Solution seeking</td>
</tr>
<tr>
<td>LO6</td>
<td>Assess the effect of government policy on macroeconomic outcomes</td>
<td>2. Critical thinking</td>
</tr>
</tbody>
</table>

* See the graduate profile this course belongs to at the end of this course outline.
<table>
<thead>
<tr>
<th>Week / Module</th>
<th>Topic</th>
<th>Relevant learning resources/activities</th>
<th>Assessment due this period</th>
</tr>
</thead>
</table>
| Topic 1 (weeks 1 and 2) | The problem of choice                          | Consumer choice and income and substitution effects  
(Chapter 5 of textbook plus lecture notes)            | Quiz 1 due Friday Week 3            |
| Topic 2 (weeks 3 and 4) | Production, costs and Competitive Markets       | Assessment of production and costs in both the short run and long run; Characteristics of competitive markets; implications for efficiency.  
(Chapters 6 and 7 of textbook plus lecture notes)      | Quiz 2 due Friday Week 5            |
| Topic 3 (week 5)   | Monopoly and Monopolistic Competition           | Features of monopoly markets; efficiency implications and government regulation of monopoly; characteristics of monopolistically competitive markets; implications for efficiency  
(Chapter 8 of textbook plus lecture notes)            | Quiz 3 due Friday Week 6  
Mini Essay due Friday Week 6                           |
| Topic 4 (week 6)   | Oligopoly and Strategic Behaviour               | Features of oligopoly markets; efficiency implications and government regulation of oligopoly; the need to anticipate rival’s actions; strategic thinking  
(Chapters 8 and 9 of the textbook plus lecture notes) | Quiz 4 due Friday Week 7  
Midterm Test Week 7                                    |
| Topic 5 (week 7)   | The Economics of information                    | Decision making under uncertainty; asymmetric information; implications for efficiency.  
(Chapter 11 of textbook plus lecture notes)            | Quiz 5 due Friday Week 8            |
| Topic 6 (weeks 8 and 9) | Public goods and government                   | Characteristics of public goods; implications of public goods for government policy;                   | Quiz 6 due Friday Week 9            |
## Week / Module | Topic | Relevant learning resources/activities | Assessment due this period
--- | --- | --- | ---
| | government policy around taxation and redistribution; efficiency-equity trade-off (Chapter 14 of textbook plus lecture notes) | | |
### Topic 7 (weeks 10 and 11)
Wages, unemployment and the market for labour | Characteristics and trends in labour markets; poverty and income distribution; monetary policy and the Phillips Curve (Chapters 12, 17, and selected parts of 23 of textbook plus lecture notes) | Quiz 7 due Friday Week 11 |
### Topic 8 (week 12)
Economic growth | Determinants of growth and labour productivity. (Chapter 18 plus lecture notes) | Quiz 8 due Friday week 12
Essay due Friday Week 12 |

### Learning and teaching

The course will be taught in both semesters, as well as summer school. During semesters 1 and 2, there will be 3 one-hour lectures per week along with one one-hour small-group tutorial. Please consult SSO for exact days, times and location of lectures and tutorials. The tutorials are optional but highly recommended. They will be devoted to reviewing difficult concepts and also engage in problem solving. These would be excellent practice for tests and exams.

### Teaching staff

Dr Stephen Poletti  
675 Owen G. Glenn Building  
09 923 7664  
s.poletti@auckland.ac.nz

### Learning resources

1. Additional material posted on CANVAS by your lecturers

### Assessment information
<table>
<thead>
<tr>
<th>Assessment task</th>
<th>Weight %</th>
<th>Group and/or individual</th>
<th>Submission</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mini Essay</td>
<td>0%</td>
<td>Individual</td>
<td>Canvas</td>
</tr>
<tr>
<td>Essay</td>
<td>10%</td>
<td>Individual</td>
<td>Canvas</td>
</tr>
<tr>
<td>Midterm Test</td>
<td>35%</td>
<td>Individual</td>
<td>Exam Conditions</td>
</tr>
<tr>
<td>Final Examination</td>
<td>50%</td>
<td>Individual</td>
<td>Exam Conditions</td>
</tr>
</tbody>
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**Pass requirements**

Plussage applies: The Final Grade will be the better of

EITHER:

(i) Written Assignment mark/10 + Quiz Mark/5 + Test mark/35 + Final Exam mark/50

OR:

(ii) Written Assignment mark/10 + Quiz Mark/5 + Final Exam mark/85

There is no requirement to qualify for plussage by achieving any specific mark in the test. The above formula will be applied to all students and the final grade will be determined by the highest mark obtained using the plussage rule stated above. The dates for the term test and for handing in the essay will be announced at the beginning of the semester. Information about final exam date will be available via SSO.

**Description of assessment tasks**

<table>
<thead>
<tr>
<th>Assessment task</th>
<th>Learning outcome to be assessed</th>
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</thead>
<tbody>
<tr>
<td>Quizzes</td>
<td>1-7</td>
</tr>
<tr>
<td>Written Assignment</td>
<td>1-7</td>
</tr>
<tr>
<td>Midterm Test</td>
<td>1-3</td>
</tr>
<tr>
<td>Final Examination</td>
<td>1-7</td>
</tr>
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</table>

**Inclusive learning**

Students are urged to discuss privately any impairment-related requirements face-to-face and/or in written form with the courses convenor/lecturer and/or tutor.

**Academic integrity**

The University of Auckland will not tolerate cheating, or assisting others to cheat, and views cheating in coursework as a serious academic offence. The work that a student submits for grading must be the student’s own work, reflecting his or her learning. Where work from other sources is used, it must be properly acknowledged and referenced. This requirement also applies to sources on the worldwide web. A student’s assessed work may be reviewed against electronic source material using computerised detection to provide an electronic version of their work for computerised review.
**Student feedback**

Students will be requested to provide feedback to Class Representatives for Student Staff Consultative Committee Meetings.

Students will be requested to participate in the SET course and teacher evaluations.

**In the event of an unexpected disruption**

We undertake to maintain the continuity and standard of teaching and learning in all your courses throughout the year. If there are unexpected disruptions, the University has contingency plans to ensure that access to your course continues and your assessment is fair, and not compromised. Some adjustments may need to be made in emergencies. In the event of a disruption, the University and your course coordinators will make every effort to provide you with up to date information via Canvas and the University website.

**Graduate profile for BCom (Economics)**

The following six themes represent the capabilities that the Business School seeks to foster in all of its graduates. The development of these capabilities does not come all at once, but rather is expected to build from year to year. Each course is not expected to contribute to all capabilities, but each course will have its own goals and learning outcomes that relate to the overall development of this profile.

1) **DISCIPLINARY KNOWLEDGE AND PRACTICE** - Graduates will be able to demonstrate and apply a breadth of knowledge across disciplines, as well as specialist knowledge within one or more of them, while recognising the relevancy of this knowledge within a global context.
   - Disciplinary knowledge and practice

2) **CRITICAL THINKING** - Graduates will be able to analyse and critique theory and practice to develop well-reasoned arguments.
   - Critical thinking

3) **SOLUTION SEEKING** - Graduates will be able to identify and frame problems using analytical skills to create and evaluate innovative solutions.
   - Solution seeking
   - Quantitative reasoning

4) **COMMUNICATION AND ENGAGEMENT** - Graduates will be able to collaborate and communicate effectively in diverse business contexts using multiple formats.
   - Oral communication
   - Written communication
   - Engagement

5) **INDEPENDENCE AND INTEGRITY** - Graduates will be able to respond professionally and ethically, demonstrating a capacity for independent thought and learning.
   - Independence
   - Integrity

6) **SOCIALLY AND ENVIRONMENTAL RESPONSIBILITIES** - Graduates will recognise the significance of the principles underpinning the Treaty of Waitangi and consider their obligations in relation to sustainability, whilst displaying constructive approaches to diversity.
   - Social responsibility
   - Environmental responsibilities