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Foundation Studies Program

(CRICOS course codes: 007732G, 023266F)

Subject Outline Summer 2009/10

FSP 115 Session 1 FSP 215 Session 2 Economics

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WCA-FSP 115/FSP 215-S0/7

Economics

Subject Description

This course introduces Economics and lays solid foundations to enable you to proceed through the levels of a rich and interesting discipline. It develops skills in logical analysis and the use of economic method and both Microeconomics and Macroeconomics.

Most of the first session FSP115 develops an understanding of the theory of the firm – demand, supply, elasticity and how prices can be set to maximise profit. This enables a comparison of different economic systems. The session finishes with an introduction to the Macroeconomic issues of economic growth, inflation and unemployment.

The FSP215 course examines the fluctuations in economies which produce recession and inflationary growth. Students gain an understanding of how Macroeconomic management uses Fiscal and Monetary Policies to manage fluctuations like the 2009 Global Economic Crisis. The course also considers international economics to develop an understanding of currency fluctuations and their causes.

Structure of subject

Economics is an 8 credit point, two-session subject delivered as 3 hours of scheduled classes per week. Session 1 has a credit point value of 3 while Session 2 is valued at 5 credit points. The subject consists of a 1 x 2 hour lecture and 1 x 1 hour tutorial each week. Each session is of 14 week's duration with face-to-face classes scheduled for the first 12 weeks and a study/examination period in Weeks 13 and 14.

In addition to scheduled class sessions, students are expected to spend additional time in individual study and research. As a general guideline students will need to spend at least 1 hour in private study (including completing homework and revision) for every hour of scheduled class time.

Teachers will be available for a consultation time each week. Students will be notified of the time and location of the consultation session during Week 1 of the Session. It is recommended that students experiencing difficulty with this subject arrange to consult with the teacher as difficulties are encountered.

Some students may require tutorial support to improve language/literacy skills. Where this is recommended, students will be advised to use the College's self-access facilities in the Multimedia Centre in their own time. These facilities are located upstairs in building 30. Where this is recommended, your attendance at and use of these facilities may form part of your participation mark.

Learning resources

This subject is closely based on the following 2 texts. It is highly recommended that students purchase a copy of these texts.

Dixon. T, O'Mahony, *The Market Economy Year 11 Preliminary Economics Course*, Leading Edge Education. ISBN 1 876 533 45 5

Dixon. T, O'Mahony, *Australia in the Global Economy Year 12 HSC Economics Course*, Leading Edge Education. ISBN 1 876 533 46 3

Students are also expected to use the online resources of the Wollongong University Library and hard copy resources at their relevant university/campus library.

Subject outcomes

Successful completion of Economics will enable students to:

- Analyse the economic role of individuals, firms, institutions and governments
- Analyse and the impact of global markets on the Australian and global economies.
- Discuss policy options for dealing with problems and issues in contemporary economic models.
- Evaluate the consequences of contemporary economic problems and issues on individuals, firms and governments
- Apply appropriate terminology, concepts and theories in contemporary and hypothetical economic contexts.
- Use appropriate economic models to analyse and examine the impact of economic policy on the economy
- Apply economic theory to normal, everyday events
- Select and organises information from a variety of sources for relevance and reliability.
- Communicate economic information, ideas and issues in appropriate forms.
- Apply mathematical concepts in economic contexts

Subject outline in weeks

The following guide to lessons and activities may be adjusted to suit the needs of the group as long as subject outcomes and assessment criteria are met.

Session 1

Week 1 - Introduction **Dixon I: Ch 1 & 2**

What is Economics?

Microeconomics & macroeconomics

The economic problem

Economic method – models

The production possibility model

Week 2 - The Circular Flow Model **Dixon I: Ch 2**

Production

Factors of production

The circular flow of income model

Assumptions

Weeks 3 – 6: Microeconomics

Week 3 The Theory of Demand **Dixon I: Ch 6**

Assumptions of perfect competition

Individual and market demand

Factors influencing market demand

Movements along the demand curve

Shifts of the demand curve

Week 4 - The Theory of Supply **Dixon I: Ch 7**

Individual and market supply

Factors influencing supply

Movements along the supply curve

Shifts of the supply curve

In-Class Test 1

Week 5 - Market Equilibrium **Class Test 1 Dixon I: Ch 8**

Equilibrium

Market equilibrium and disequilibrium

Market floors and ceilings

The role of the market in allocating resources

Week 6 - Elasticity **Dixon I: Ch 6 & 7**

Price elasticity of demand

Measuring elasticity of demand:

The mid-point method

The total outlay method

Factors influencing elasticity of demand

The importance of elasticity: business and governments

Price elasticity of supply

Factors influencing elasticity of supply

Week 7 - Market Failure **Dixon I: Ch 15**

Market failure and the allocation of resources

Three types of market failure:

- Imperfect competition
- Market intervention: public goods
- Externalities: positive and negative

Weeks 8 to 11: Macroeconomics: Economic Issues

Week 8 - Economic Growth **Dixon II: Ch 7**

A planned economy

A market economy

Comparing economies: advantages and disadvantages

Economic Growth

In-Class Test 2

Week 9 - Economic Growth (Economic issues)

Dixon II: Ch 7

Components of aggregate demand

Measuring economic growth – real GDP per capita

Australian economic growth

The benefits and of economic growth

Nominal and real GDP

Week 10 - Price Stability

Dixon II: Ch 9

The CPI and the basket of goods and services

The main causes of inflation

The effects of inflation

Measuring the rate of inflation

Week 11 - Unemployment

Dixon II: Ch 8

Measuring the level of unemployment

Five types of unemployment:

- cyclical unemployment
- structural unemployment
- seasonal unemployment
- frictional unemployment
- hidden unemployment

The natural rate of unemployment

The cost of unemployment

Measuring unemployment

Week 12 - Revision

Final exam revision

Weeks 13 & 14 Final examination Period

Examination and study period. Please refer to examination timetable for the exact date, time and location of the final exam.

Session 2

Week 1 - The Objectives of Economic Management

Dixon II: Ch 7 & 13

The business cycle

The business cycle in Australia 1980 – 2010

The objectives of economic management and counter cyclical policy

Economic objectives: compatible and conflicting

Macroeconomic policy: fiscal and monetary policy

Weeks 2 – 4 Fiscal Policy

Week 2 - Government Sector

Dixon I: Ch16

Public sector

The reallocation of resources

Revenue – direct and indirect taxation

The redistribution of income:

- progressive
- regressive
- proportional tax

Transfer payments

Week 3 - Fiscal Policy I

Dixon I: Ch17 & Dixon II: Ch14

Stabilisation and counter cyclical policy

The Federal Budget

Budget outcomes and aggregate demand

Week 4 - Fiscal Policy II

Dixon II: Ch 14

Discretionary fiscal policy

Automatic stabilisers

Financing the deficit

Crowding out

Recent Fiscal policy

Weeks 5 - 8 Monetary Policy

Week 5 - Money and the Financial Sector

Dixon I: Ch 12 & 13

Role of money and financial markets

Primary and secondary markets

Government securities

Borrowers : the demand for funds

Lenders : the supply of funds

In-Class Test 1

Week 6 - The Money Supply and Interest Rates

Dixon I: Ch 12 & 13

Functions of money

Measures of money and liquidity

Factors affecting the demand and supply of funds

Prudential supervision – reserve ratios & the Reserve Bank

Credit creation and the deposit multiplier

Research Essay due

Week 7 - Monetary Policy I

Dixon I: Ch 12 & 13

The Reserve Bank

Objectives of the Reserve Bank

Exchange Settlement accounts

The short term money market

Domestic market operations and aggregate demand

Week 8 - Monetary Policy

Dixon I: Ch 13 & Dixon II: Ch15

The implementation of monetary policy

The impact of changes in interest rates - the transmission mechanism

Time lags

Current stance of monetary policy

Weeks 9 – 11 International Sector

Week 9 - Exchange Rates

Dixon II: Ch 5

Exchange rates

Floating exchange rates

Factors influencing demand for and supply of \$A

RBA intervention: “dirtying the float”

Fixed and managed exchange rates

The effect of currency appreciation and depreciation

In-Class Test 2

Week 10 - Development & International Organisations

Dixon II: Ch 3

Variations in the standard of living in the global economy

Differences in economic growth and GDP

Other measures of development – HDI & WBDI

Categories of development in the global economy:

NICs, Asian tigers and transition economies

Globalisation and uneven development

Causes of inequality: global, domestic & institutional factors

Week 11 - Economic Management

Dixon II: Ch 13, 18, 14 & 15

Economic indicators & objectives

Other Economic objectives: distribution of income & environmental protection

Conflicts in policy objectives

Limitations in effectiveness of policies - time lags

Policy Mix

Microeconomic reform

Evaluation of Australia's economic performance

Week 12 - Revision

Final exam revision

Weeks 13 & 14 Final examination Period

Examination and study period. Please refer to examination timetable for the exact date, time and location of the final exam.

Assessment

Assessment and plagiarism policy

All written assessment tasks, with the exception of examinations and in-class tasks, must be word-processed unless students are otherwise advised.

Students must keep copies of all assessment tasks submitted for marking with the exception of class tests and examinations.

Plagiarism is a form of cheating or stealing that happens when a student uses someone else's work and presents it as his/her own without showing where it comes from. To avoid this, students are expected to submit their own original work for assessment and to accurately acknowledge all references and sources used in essays and assignments.

For information regarding assessment, plagiarism, acknowledging sources and examination rules, please refer to the Wollongong College Australia Student Handbook <http://www.wca.uow.edu.au/handbook>

Assessment schedule

Session 1

Task	Due	Weighting	Length/Time
In Class – Test 1 ** (covers weeks 1-3)	Week 4	20%	30 – 45 minutes
In Class – Test 2 ** (covers weeks 4-7)	Week 8	20%	30 – 45 minutes
Session 1 final exam ** (covers weeks 1-11)	Week 13/14	45%	Approx 1.5 hours
Participation	Ongoing	15%	Weeks 1 -12

** In recognition of the early stages of development of the language skills of students enrolled in the **first session** of the Foundation Studies 3-session program, these students are allowed an additional 10% in time to complete all **in-class assessments** and **final exams**.

No additional time is given for tasks that are completed outside of class time.

Session 2

Assessment Task	Due	Weighting	Length/Time
In Class Test 1 (covers weeks 1-4)	Week 5	15%	30 – 45 minutes
In Class Test 2 (covers weeks 4– 8)	Week 9	15%	30 – 45 minutes
Research Essay	Week 6	15%	1000 words
Session 2 Final Examination	Week 13/14	45%	2 hours
Participation	Ongoing	10%	Weeks 1 -12

Marking Guidelines

WCA best practice is that students can normally expect to have assessment tasks handed back within two weeks, and before the next assessment task is due. On occasion there may be exceptions to this time frame due to, for example, the size of the task, the size of the class, teacher illness or teacher leave.

Where there are several teachers marking a major assessment task, tasks will be handed back by all the teachers within the same week.

Assessment criteria and explanation of components

All assessment components are marked according to set marking criteria.

Session 1

In class test 1 **20%**

In class test 1 is worth 20% and will be in the week 4 lecture to cover the lectures and tutorials from weeks 1-3. The questions will be in the form of multiple-choice and short written answers.

In class test 2 **20%**

In class test 2 is worth 20% and will be in the week 8 lecture to cover the lectures and tutorials from weeks 1-8 with greater emphasis on weeks 4-7.. The questions will be in the form of multiple-choice and short written answers.

Session 1 Final Exam **45%**

The session examination will be approximately 1.5 hours in duration including reading time. It will have three sections. Section one will consist of approximately 35 multiple-choice questions. Section two will consist of key terms and section three will have calculations and short answer questions including diagrams and analysis.

Participation **15%**

The Tutorial Participation mark will determined by the tutor's assessment of:

- 1) involvement in class discussion by asking relevant questions
- 2) demonstrated preparation for tutorials by answering tutorial questions from written answers.

Students gain marks not from being correct but showing a thorough effort.

Session 2

In class test 1 **15%**

In class test 1 is worth 15% and will be in the week 5 lecture to cover the lectures and tutorials from weeks 1-4. The questions will be in the form of multiple-choice and short written answers.

In class test 2 **15%**

In class test 2 is worth 15% and will be in the week 9 lecture to cover the lectures and tutorials from weeks 1-8 with greater emphasis on weeks 5-8.. The questions will be in the form of multiple-choice and short written answers.

Research essay **15%**

There is one major assignment in this subject. It will be in the form of a 1000 word research essay. The essay is due in the lecture of week 6 of session 2. Students are referred to the College policy on the submission of assessed work, particularly the penalties for overdue work.

Final examination **45%**

The final examination will be approximately two hours in duration. Section one will consist of approximately 30 multiple-choice questions. Section two will consist of short answers and section three will require an essay from a choice of four questions.

For all tests students are permitted calculators, but not permitted dictionaries.

Participation **10%**

The Tutorial Participation mark will determined by the tutor's assessment of:

- 1) involvement in class discussion by asking relevant questions
- 2) demonstrated preparation for tutorials by answering tutorial questions from written answers.

Students gain marks not from being correct but showing a thorough effort.