ECON1100
Economics 1 (H)

Course Description

A Framework for Economic Practice: This course will provide a framework that is both intellectually rigorous and practical for your future study of economics/econometrics, and for your practice as a professional economist. We will investigate what economic theory is and how theory relates to the real world. As a case study we will consider rationality as applied to neoclassical consumer theory.

The second half of economic practice is the use of evidence for description and testing. We will investigate the strengths and weaknesses of different kinds of data. Special attention will be paid to the experimental ideal and questions of causality and validity. Along the way we will discuss practical issues such as economic policy making, economic design and the presentation of economic evidence.

Semester and Year
S2 2014

Course URL
http://programsandcourses.anu.edu.au/course/ECON1100
Note this course outline and the Wattle page contain the most up to date information on course content and delivery.

Mode of Delivery
On campus

Prerequisites
To enrol in this course you must have completed ECON 1101 Microeconomics 1.

Incompatible Courses
This course may be taken as an alternative to ECON1102 Macroeconomics 1 and satisfies all prerequisites that would be satisfied by that course.

Course Convener
Professor Kieron Meagher
Office Location: Room 2012, Arndt Building
Email: Kieron.Meagher@anu.edu.au
Consultation hours: Monday 4-5pm and Tuesday 2.30-3.30pm

Bio and research interests
Professor Kieron Meagher PhD (ANU), MA (Hons) (Waikato).
Professor Meagher is a pioneer of organisational economics in Australia. His work on the High Performing Workplace Index has involved surveys and reports on over a hundred and ten firms and public sector organisations. He is a founding editor of Organisational Economic Proceedings and co-organiser of the annual Organisational Economics Workshop.

Kieron has published in leading international journals such as the Journal of Economic Theory, the Journal of Law, Economics & Organization and the Journal of Economic Behaviour & Organisation. Kieron was the youngest ever Director of the Research School of Economics at ANU and also served as Associate Dean. He has consulted on competition policy for Telstra and Woolworths, and has contributed to a number of South Australian government
projects including flexible work arrangements.

Kieron's current areas of research are: (i) management decision-making and authority structures; (ii) spatial competition; and (iii) political economics and voting theory. Techniques employed in Kieron's research include incentive theory, hierarchy theory, discrete choice theory, Bayesian decision making and uncertainty, graph theory and the numerical simulation of complex systems. He applies microeconomic theory to understanding situations that are more complex than can be described by a traditional price mechanism.

| Student Administrators | Terry Embling and Fin Wijnberg, Research School of Economics Office, Room 1013 (1014), Arndt Building. 9am-5pm, Monday to Friday (public holidays excluded). |
Course Learning Outcomes
Upon successful completion of the requirements for this course, students will:

1. Understand the basics of formal logic and how to apply them to establish the validity of arguments and statements.
2. Describe the main ways we use theory in economics and identify the strengths and weakness of theories based on this framework.
3. Be able to apply neoclassical consumer theory to solve economic problems.
4. Describe and apply the major ideas from the philosophy of science as they apply to empirical work in economics.
5. Identify and evaluate issues of causality and validity in observational and experimental studies.

Research-Led Teaching
Economists receive a great deal of scrutiny professionally precisely because the things we do have an impact. This course is a practical interpretation of ongoing methodological debates filtered through my own professional experience as an academic researcher and consultant.

Continuous Improvement
We use feedback from students, professional bodies and staff to make regular improvements to the course. In response to this feedback, design improvements from the previous version of the course include:

- A shift in emphasis from developing specific economic theories to a broad overview of economic practice.

Technology, Software, Equipment
Depending on student interest we may look at online ways of running experiments.

Student Feedback
All CBE courses are evaluated using Student Experience of Learning and Teaching (SELT) surveys, administered by Planning and Statistical Services at the ANU. These surveys are offered online, and students will be notified via email to their ANU address when surveys are available in each course. Feedback is used for course development so please take the time to respond thoughtfully. Course feedback is anonymous and provides the Colleges, University Education Committee and Academic Board with opportunities to recognise excellent teaching and to improve courses across the university. For more information on student surveys at ANU and reports on feedback provided on ANU courses, visit http://unistats.anu.edu.au/surveys/selt/students/ and http://unistats.anu.edu.au/surveys/selt/results/learning/
COURSE SCHEDULE

<table>
<thead>
<tr>
<th>Topic</th>
<th>Summary of Activities</th>
<th>Assessment Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Introduction: what (some) research economists do.</td>
<td>1,2,3.</td>
</tr>
<tr>
<td>2</td>
<td>Formal theory: logic and propositions.</td>
<td>1,2,3.</td>
</tr>
<tr>
<td>3</td>
<td>Neoclassical consumer theory: a case study in economic theory.</td>
<td>1,2,3.</td>
</tr>
<tr>
<td>4</td>
<td>Philosophy of science and economic practice.</td>
<td>2,3.</td>
</tr>
<tr>
<td>5</td>
<td>An overview of economic evidence.</td>
<td>2,3.</td>
</tr>
<tr>
<td>6</td>
<td>Issues with evidence 1: causality.</td>
<td>3.</td>
</tr>
<tr>
<td>7</td>
<td>Issues with evidence 2: validity.</td>
<td>3.</td>
</tr>
<tr>
<td>8</td>
<td>Review.</td>
<td>3.</td>
</tr>
</tbody>
</table>

COURSE ASSESSMENT

You must also complete the assessment, and any other requirements, for Macro 1.

Assessment Summary

<table>
<thead>
<tr>
<th>Item</th>
<th>Title</th>
<th>Value</th>
<th>Due Date</th>
<th>Linked Learning Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Midsession exam</td>
<td>30%</td>
<td>1 hour. Timing to be announced (subject to coordination).</td>
<td>1-3</td>
</tr>
<tr>
<td>2</td>
<td>Advice memo (Assignment)</td>
<td>10%</td>
<td>Monday of week 10.</td>
<td>1-5</td>
</tr>
<tr>
<td>3</td>
<td>Final exam</td>
<td>60%</td>
<td>Final exam period</td>
<td>1-5.</td>
</tr>
</tbody>
</table>

Note your final mark for this course is given by

(your Macro 1 mark + your mark from Honours 1 assessment)/2 +5

Assessment Task 1: Midsession Exam

Details of task:
The exam will cover topics 1-3. I will discuss details in class. There will be a mixture of multiple choice and short answer questions.

Assessment Task 2: Advice Memo

Details of task:
In groups of 3 (or possibly 2) you are to write a 1 page Advice Memo on a topical economic subject. The context is either (i) policy advice to a government minister on a real issue; or (ii) business advice on real external economic conditions/developments or actual/proposed government policies.

One page may seem short but this is standard model in the real world. It is normally harder to write something this short, rather than something longer, because your argument has to be more concise. Have a proposal ready to discuss in class in week 4.
Assessment Guidelines

<table>
<thead>
<tr>
<th>Expression</th>
<th>Weightage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expressing what the issue is and why it is important.</td>
<td>15%</td>
</tr>
<tr>
<td>Clear and sensible advice.</td>
<td>20%</td>
</tr>
<tr>
<td>A well argued reason for the advice, perhaps considering alternatives.</td>
<td>30%</td>
</tr>
<tr>
<td>Supporting theory and evidence.</td>
<td>20%</td>
</tr>
<tr>
<td>Clarity and Grace (plus spelling, grammar, presentation of figures, tables, references).</td>
<td>15%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

**Assessment Task 3: Final Exam**

**Details of task:**
The exam will cover topics 1-8. I will discuss details in class. There will be a mixture of multiple choice and short answer questions.

**Advice Memo (Assignment) Submission**
Assignments are submitted using the course Wattle site. Submitted assignments must include the cover sheet provided on Wattle. Please keep a copy of the assignment for your records.

The ANU is using Turnitin to enhance student citation and referencing techniques, and to assess assignment submissions as a component of the University's approach to managing Academic Integrity. For additional information regarding Turnitin please visit ANU Online.

**Extensions and Penalties**
There will be a penalty of 5% a day for late submission of the advice memo. Extensions on the advice memo will only be given on the basis of appropriate documentation, e.g. a medical certificate. Since this is a group project there would need to be a case of how any delay effected the whole group's ability, separately and jointly, to submit on time – that is you are jointly and separately responsible for delivery of the advice memo.

If you are assessed as having a valid excuse for the non-completion of the midsession or advice memo the weighting attached to the missed assessment item will be transferred to the final exam.

**Returning Assignments**
Your midsession exam and the advice memo will be returned in class.
Examinations
There is a final exam for this course. Details will be determined and provided through the ANU examinations section in the standard way.

Scaling
Your final mark for the course will be based on the raw marks allocated for each assignment or examination. However, your final mark may not be the same number as produced by that formula, as marks may be scaled. Any scaling applied will preserve the rank order of raw marks (i.e. if your raw mark exceeds that of another student, then your scaled mark will exceed or equal the scaled mark of that student), and may be either up or down.

Note your final mark for this course is given by

\[(\text{your Macro 1 mark} + \text{your mark from Honours 1 assessment})/2 + 5\]

Referencing Requirements
Harvard style references please (author-year in the text with full details at the end of the document in a references section). The important thing is to not plagiarise and to make the supporting information easily accessible to the reader.

READING LISTS

- I will give recommendations on readings and background material, along with my lectures notes, for each topic.

- The largest single topic in this course is neoclassical consumer theory, which is covered in any intermediate microeconomics text. The text currently used at ANU in Micro 2 is Morgan, Katz and Rosen and I recommend you get a copy.
  

- For a contemporary take on some of the economic methodological issues discussed in class see Caplin and Schotter. Some articles are quite accessible while others are more technical.
  

- One the major issues other people (and some economists) have with economics is rational choice. Gilboa provides a careful discussion of his take on what rational choice is about.


- Logic is a big subject that can become very technical. If you are interested in some background or learning more, some online resources are:

  - [http://www.logicmatters.net/tyl/](http://www.logicmatters.net/tyl/)
Philosophy of science is about the connection between ideas/theories and facts/evidence. A brief, non-economics introduction is provided by:


**COMMUNICATION**

Please ask me questions in the seminar times or during office hours. Email correspondence should generally be reserved for admin matters.

**Email**

If necessary, the lecturers and tutors for this course will contact students on their official ANU student email address. Information about your enrolment and fees from the Registrar and Student Services' office will also be sent to this email address.

**Announcements**

Students are expected to check the Wattle site for announcements about this course, e.g. changes to timetables or notifications of cancellations. Notifications of emergency cancellations of lectures or tutorials will be posted on the door of the relevant room.

**Course URLs**

More information about this course may be found on:

- Programs and Courses (http://programsandcourses.anu.edu.au/2014/Catalogue)
- the College of Business and Economics website (http://cbe.anu.edu/courses) and
- Wattle (https://wattle.anu.edu.au), the University's online learning environment. Log on to Wattle using your student number and your ISIS password.

**TUTORIAL AND/OR SEMINAR REGISTRATION**

This is typically a small elite class and we use the 2 hours per week for a flexible combination lectures and seminars/tutorials, i.e. I do not anticipate you needing to sign up for a separate tutorial. If the class becomes large I will announce a process for assigning tutorials.

**You will need to attend the Macro 1 lectures and sign up for a Macro 1 tutorial as per the instructions given in that course.**

**POLICIES**

The University offers a number of support services for students. Information on these is available online from http://students.anu.edu.au/studentlife/

ANU has educational policies, procedures and guidelines, which are designed to ensure that staff and students are aware of the University’s academic standards, and implement them. You can find the University’s education policies and an explanatory glossary at: http://policies.anu.edu.au/
Students are expected to have read the *Student Academic Integrity* Policy before the commencement of their course.

Other key policies include:

- Student Assessment (Coursework)
- Student Surveys and Evaluations
- Insert College policies on extensions, late submissions, etc. as appropriate