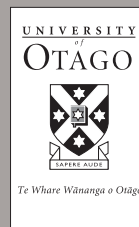


UNIVERSITY OF  
**Otago**

ECONOMICS

ECONOMICS HANDBOOK 2008

SEPTEMBER 2007



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### **Student Learning Centre**

Information Services Building

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*While all reasonable efforts have been made to ensure that the information contained herein is correct at the time of going to press, matters covered by this publication are subject to change. Updated information will be available on line at <http://www.business.otago.ac.nz/econ/>.*

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## INTRODUCTION

Economics is a social science. Economists try to explain and predict the behaviour of individuals and groups, bearing in mind that people usually have scarce resources (for example, time or money), and often have conflicting objectives. Economics is about much more than just business: it is about how individuals and groups make decisions when their choices are constrained. Sometimes this involves competition, but it usually also involves some degree of co-operation. The insights that Economics provides are of great importance in helping to understand how businesses operate and how specific markets or the economy as a whole work, but they are often also used to help understand many other kinds of political, social or even biological questions. For example, questions like: Why have health and education standards changed over time? Why do crime rates rise or fall? Will foreign aid work? How should we best manage the natural environment and natural resources?

The methodological tools that economists use are borrowed both from the humanities and from the natural sciences: an economist must be both literate and numerate. Studying Economics develops important skills that are transferable to a wide variety of jobs. Consequently, economists can contribute to society in a very wide variety of ways. Because their skills are not specific to a single occupation, they end up working in all sorts of places. For example, Economics graduates from Otago are currently employed by the following institutions:

- Department of Conservation
- Ministry for Culture and Heritage
- Ministry of Fisheries
- Ministry of Foreign Affairs and Trade
- Ministry of Health
- Ministry of Education
- Ministry of Research, Science and Technology
- New Zealand Permanent Mission to the Office of United Nations
- Amnesty International
- The BBC

Otago Economics graduates are also employed in senior academic positions at a number of leading Universities, including City University, London, the Australian National University, the London School of Economics and the University of New South Wales.

The wide range of skills acquired by Economics graduates also means that their salaries are higher than those of graduates in many other subjects. The *Australian Financial Review* (19 November 2006) reported economists to be the second most

highly paid group in Australia, after dentists. On average, economists' salaries are considerably higher than those of business analysts, managers and accountants.

The Department of Economics offers approximately 40 papers at the undergraduate and postgraduate levels. Our students can complete their degrees as Commerce or Arts graduates; we also offer a BSc in Economics and Statistics. Economics combines well with many other subjects, and many of our students are taking advantage of this flexibility to complete degrees incorporating more than one major subject. If you have a particular interest in another subject – for example Politics, languages, Physics, Mathematics or Finance – it can be easily incorporated in your degree as a minor. (A minor subject is one studied to a significant extent, accounting for roughly half as much time as the major subject.) A BCom in Economics can easily include a minor in practically any other subject. With the more flexible BA degree, a major in Economics can be combined with minors in two other subjects (for example, Finance and Mathematics) – or a second major in another arts subject – without requiring study beyond the minimum for a three-year degree. In addition, the Department offers postgraduate qualifications at the Diploma (PGDipCom, PGDipArts), Master's (MCom, MA, MBus) and PhD level.

Studying at Otago also gives students an opportunity to work with some of the leading researchers in the country. In the Government's 2007 review of research in New Zealand universities (the PBRF), the Department of Economics at Otago was ranked highest of all university departments in Economics and other Commerce subjects.

This handbook is designed to provide information about the programmes and papers we offer, and to assist you in your course planning. If you would like to know more about our programmes or any aspect of the Department's activities, please contact us. We have a reputation as a Department for being friendly and approachable, and we will be very glad to help you.

## ECONOMICS IN CONTEXT

Economics is a key discipline in the social sciences. Its subject matter engages with other subject areas such as psychology, politics, sociology, anthropology, geography, history and law. It also uses mathematics and statistics and is engaging increasingly with sciences such as biology, environmental science and medicine. Furthermore, since knowledge of Economics is essential for an understanding of business behaviour, strategy and corporate performance, it is one of the central disciplines underpinning the study of business and management and related areas.

*Source:* Extract from The Quality Assurance Agency for Higher Education (UK), Subject Benchmark Statement for Economics, 2000, p.1.

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Chris Haig *MusB(Hons) PhD (Otago)*

**Departmental Secretary**

Brenda Tustin

## PROGRAMME STRUCTURES

Economics can be studied either as an Arts, Commerce or (with Statistics) Science degree. This means that choosing Economics as your major gives you the maximum amount of choice over what else you study in your degree; i.e., in terms of other papers from Arts/Humanities or Commerce.

### SOME INTRODUCTORY NOTES...

#### ECON 111/BSNS 104

From 2007, the paper “Principles of Economics 1” has been double-coded. For all BCom students, taking this paper as part of the BSNS core requirements, it will use the course code “BSNS 104”. All other students will use the “ECON 111” course code. Please note, however, that regardless of which code a student is enrolled under, the following is true:

- All aspects of the course are identical;
- ECON 111 is a perfect substitute for BSNS 104 for all University regulations, and vice versa; hence
- If a BCom student passes BSNS 104 then switches to a BA, BSNS 104 may be counted as Arts points. Similarly, ECON 111 may be counted as Commerce points.

#### ECON 112

ECON 112 “Principles of Economics 2” is our other 100-level course and it is a prerequisite for almost all our 200-level courses. Please note that ECON 111/BSNS 104 is a prerequisite for ECON 112. Therefore, most students wishing to have the option of taking ECON 112 in their second semester should take ECON 111/BSNS 104 in their first semester. However, while it is preferable for students to complete ECON 111/BSNS 104 before taking ECON 112, students who have studied Economics at NCEA level 3 (or equivalent) may be permitted to study ECON 112 at the same time as ECON 111/BSNS 104. Moreover, students who have attained mainly excellences and merits in NCEA level 3 Economics and Mathematics standards may apply for direct entry into ECON 112, and to skip ECON 111. For further details, please contact the Department.

#### Majors and Minors: some definitions

Your “major” is the subject you take as your main area of study in your degree. In a three-year Bachelor’s degree, the “major subject requirement” typically involves 100-level papers worth 36 points, 200-level papers worth 54 points and 300-level papers worth 72 points. All degrees must include at least one major subject.

A “minor” refers to a degree’s inclusion of a specific selection of papers in a particular subject area. In a three-year Bachelor’s degree, a “minor subject requirement” typically involves 90 points of papers in the subject, of which 54 points should be above 100-level and, of these, 18 points should be above 200-level. Minors are optional and may relate to subjects that are “outside” of the degree. For example, a BCom could include a minor in English; a BA could include a minor in Finance.

## ECONOMICS AS A BCOM MAJOR

The Bachelor of Commerce degree requires a minimum of 360 credit points. At least 180 of these points must be for papers above 100 level, and at least 72 of these 180 points must be for 300-level papers. Students may choose papers worth up to 90 points from outside Commerce. Students must choose sufficient papers (usually 162 points worth) to meet the major subject requirement of at least one Commerce subject. The degree is usually completed in three years.

All students enrolling in a Bachelor of Commerce for the first time after 2006 will also need to complete the following papers before enrolling in any 300-level papers:

BSNS 101	Accounting and Financial Information	18 pts
BSNS 102	Quantitative Analysis for Business	18 pts
BSNS 103	Marketing and Consumption	18 pts
BSNS 104	Principles of Economics 1	18 pts
BSNS 105	Management and Organisations	18 pts
BSNS 106	E-business and Information Systems Development	18 pts
BSNS 201	Business and Society	18 pts

Although you need to have completed the seven BSNS papers before you enrol in your 300-level ECON papers, this does not mean that you need to complete them all in your first year. In fact, we recommend that you do **not** take all BSNS papers in your first year of study as this will restrict your choice of major and minor subject options. For Economics majors, it does not matter in which order the BSNS papers (other than BSNS 104 Principles of Economics 1) are taken.<sup>1</sup>

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<sup>1</sup> Students contemplating studying BCom(Hons) in Economics should take BSNS 102 in their first year. See page 25 onwards for more detail.

In order to fulfill the requirements of the Economics major, you will need to complete the following papers:

**Major subject requirements: Economics**

100-level	BSNS 104/ECON 111 Principles of Economics 1	18 pts
	ECON 112 Principles of Economics 2	18 pts
200-level	ECON 201 Microeconomics, OR	18pts
	ECON 271 Intermediate Microeconomic Theory*	
	ECON 202 Macroeconomics	18pts
	One further ECON 200-level paper	18pts
300-level	Any four ECON 300-level papers	72pts

\* To take ECON 271, you must have first passed FINQ 102 or an equivalent 100-level MATH paper (e.g. MATH 160).

Below are two examples of programme structures for a BCom Economics major – but please note that they are just suggestions that show how you might arrange your study. There are many ways in which you might structure your programme, and we will discuss your options with you during the course advising period at the start of the semester.

**Example 1: BCom (major: Economics)**

Year 1		
BSNS 104	Principles of Economics 1	18 pts
ECON 112	Principles of Economics 2	18 pts
BSNS 102	Quantitative Analysis for Business	18 pts
BSNS 101	Accounting and Financial Information	18 pts
BSNS 105	Management and Organisations	18 pts
FINQ 102	Business Mathematics	18 pts
ACCT 102	Principles of Accounting	18 pts

<b>Year 2</b>		
ECON 201	Microeconomics	18 pts
ECON 202	Macroeconomics	18 pts
ECON 2XX	Economics 200-level option	18 pts
BSNS 103	Marketing and Consumption	18 pts
BSNS 106	E-business and Information Systems Development	18 pts
BSNS 201	Business and Society	18 pts
FINC 201	Fundamentals of Corporate Finance	18 pts
<b>Year 3</b>		
ECON 3WW	Economics 300-level option	18 pts
ECON 3XX	Economics 300-level option	18 pts
ECON 3YY	Economics 300-level option	18 pts
ECON 3ZZ	Economics 300-level option	18 pts
ACTB 201	Legal Environment of Business	18 pts
ACTB 202	Law of Obligations in Business	18 pts

**Example 2: BCom (major: Economics, minor: Marketing)**

<b>Year 1</b>		
BSNS 104	Principles of Economics 1	18 pts
ECON 112	Principles of Economics 2	18 pts
BSNS 101	Accounting and Financial Information	18 pts
BSNS 102	Quantitative Analysis for Business	18 pts
BSNS 103	Marketing and Consumption	18 pts
MART 112	Marketing Management	18 pts
FINQ 102	Business Mathematics	18 pts
<b>Year 2</b>		
ECON 201	Microeconomics	18 pts
ECON 202	Macroeconomics	18 pts
ECON 2XX	Economics 200-level option	18 pts
BSNS 106	E-business and Information Systems Development	18 pts
BSNS 105	Management and Organisations	18 pts
BSNS 201	Business and Society	18 pts
MART 20X	MART 200-level option	18 pts

Year 3		
ECON 3WW	Economics 300-level option	18 pts
ECON 3XX	Economics 300-level option	18 pts
ECON 3YY	Economics 300-level option	18 pts
ECON 3ZZ	Economics 300-level option	18 pts
MART 20Y	MART 200-level option	18 pts
MART 3XX	MART 300-level option	18 pts

### A note about Maths...

One thing that we always tell Economics students at enrolment time is the usefulness of having some background in Maths. If you are interested in majoring in Economics – or even if you're just considering it – we would encourage you to take a first-year Maths paper, such as FINQ 102 or MATH 160. You will find that having some basic algebra and calculus skills will make it easier to understand some of the topics you will encounter at 200- and 300-level.

### Double Majors in a BCom

It is becoming increasingly popular to complete a double major within a BCom (or a BA: see page 19). The most popular BCom combinations are Economics/Finance and Economics/Accounting, but any Commerce major subjects can be combined in a BCom. In most cases, a double major involves fulfilling the major subject requirements in both Economics and the second subject area (as set out in the *Calendar*). A double major in Economics and Finance is the exception as ECON 201 may be counted toward both subjects' major subject requirements (see example below). Here are some examples of what a programme might look like for a student completing a double major:

### Example 3: BCom (majors: Economics and Finance)

Year 1		
BSNS 104	Principles of Economics 1	18 pts
ECON 112	Principles of Economics 2	18 pts
BSNS 101	Accounting and Financial Information	18 pts
BSNS 102	Quantitative Analysis for Business	18 pts
FINQ 102	Business Mathematics	18 pts
BSNS 103	Marketing and Consumption	18 pts
BSNS 105	Management and Organisations	18 pts

<b>Year 2</b>		
ECON 201	Microeconomics	18 pts
ECON 202	Macroeconomics	18 pts
ECON 2XX	Economics 200-level option	18 pts
FINC 201	Fundamentals of Corporate Finance	18 pts
FINC 202	Investment Analysis and Portfolio Management	18 pts
BSNS 106	E-business and Information Systems Development	18 pts
BSNS 201	Business and Society	18 pts
ECON 3WW	Economics 300-level option	18 pts
<b>Year 3</b>		
ECON 3XX	Economics 300-level option	18 pts
ECON 3YY	Economics 300-level option	18 pts
ECON 3ZZ	Economics 300-level option	18 pts
FINC 302	Applied Investments	18 pts
FINC 303	Financial Management	18 pts
FINC 3CC	Finance 300-level option	18 pts
FINC 3DD	Finance 300-level option	18 pts

**Example 4: BCom (majors: Economics and Accounting)**

<b>Year 1</b>		
BSNS 104	Principles of Economics 1	18 pts
ECON 112	Principles of Economics 2	18 pts
BSNS 101	Accounting and Financial Information	18 pts
ACCT 102	Principles of Accounting	18 pts
BSNS 102	Quantitative Analysis for Business	18 pts
BSNS 103	Marketing and Consumption	18 pts
BSNS 106	E-business and Information Systems Development	18 pts
<b>Year 2</b>		
ECON 201	Microeconomics	18 pts
ECON 202	Macroeconomics	18 pts
ECON 2XX	Economics 200-level option	18 pts
ACCT 211	Financial Accounting and Reporting	18 pts
ACCT 222	Cost and Management Accounting	18 pts
ACCT 213	Accounting for Financial Decisions	18 pts
BSNS 105	Management and Organisations	18 pts
BSNS 201	Business and Society	18 pts

Year 3		
ECON 3WW	Economics 300-level option	18 pts
ECON 3XX	Economics 300-level option	18 pts
ECON 3YY	Economics 300-level option	18 pts
ECON 3ZZ	Economics 300-level option	18 pts
ACCT 310	Issues in Financial Reporting	18 pts
ACCT 3BB	Accounting 300-level option	18 pts
ACCT 3CC	Accounting 300-level option	18 pts
ACCT 3DD	Accounting 300-level option	18 pts

Again, these are just some examples of programme structures: please feel free to contact the Department at any time for advice about designing a programme for a double major.

### ECONOMICS AS A BA MAJOR

The Bachelor of Arts degree requires a minimum of 360 credit points. At least 180 of these points must be for papers above 100 level, and at least 72 of these 180 points must be for 300-level papers. Students may choose papers worth up to 90 points from outside Arts. Students must choose sufficient papers (usually 162 points worth) to meet the major subject requirements for at least one Arts subject. The degree is usually completed in three years.

In order to fulfill the requirements of the Economics major, you will need to complete the following papers:

#### Major subject requirements: Economics

100-level	BSNS 104/ECON 111 Principles of Economics 1 ECON 112 Principles of Economics 2	18 pts 18 pts
200-level:	ECON 201 Microeconomics, OR ECON 271 Intermediate Microeconomic Theory* ECON 202 Macroeconomics One further ECON 200-level paper	18 pts 18 pts 18 pts
300-level	Any four ECON 300-level papers	72 pts

\* To take ECON 271, you must have first passed FINQ102 or an equivalent 100-level MATH paper (e.g. MATH 160).

Below are two examples of programme structures for a BA Economics major – but please note that they are just suggestions that show how you might arrange your study. There are many ways in which you might structure your programme, and we will discuss your options with you during the course advising period at the start of the semester.

#### Example 5: BA (major: Economics)

<b>Year 1</b>		
ECON 111	Principles of Economics 1	18 pts
ECON 112	Principles of Economics 2	18 pts
PHIL 103	Ethical Issues	18 pts
POLS 104	International Relations – Introduction	18 pts
MATH 160	Mathematics 1	18 pts
COMP 111	Introduction to Information Technology	18 pts
ENGL 121	English Literature: A Survey	18 pts
<b>Year 2</b>		
ECON 201	Microeconomics	18 pts
ECON 202	Macroeconomics	18 pts
ECON 2XX	Economics 200-level option	18 pts
PHIL 216	Metaphysical Questions	18 pts
HIST 106	World History	18 pts
PHIL 101	Mind and Reality	18 pts
MUSI 104	Music in World Cultures	18 pts
<b>Year 3</b>		
ECON 3WW	Economics 300-level option	18 pts
ECON 3XX	Economics 300-level option	18 pts
ECON 3YY	Economics 300-level option	18 pts
ECON 3ZZ	Economics 300-level option	18 pts
POLS 204	International Relations – Concepts	18 pts
HIST 207	Early Australia and New Zealand	18 pts

**Example 6: BA (major: Economics, minors: Finance and Mathematics)**

<b>Year 1</b>		
ECON 111	Principles of Economics 1	18 pts
ECON 112	Principles of Economics 2	18 pts
BSNS 101	Accounting and Financial Information	18 pts
BSNS 102	Quantitative Analysis for Business	18 pts
MATH 160	Mathematics 1	18 pts
MATH 170	Mathematics 2	18 pts
COMP 111	Introduction to Information Technology	18 pts
<b>Year 2</b>		
ECON 201	Microeconomics	18 pts
ECON 202	Macroeconomics	18 pts
ECON 2XX	Economics 200-level option	18 pts
MATH 2XX	Mathematics 200-level option	18 pts
MATH 2YY	Mathematics 200-level option	18 pts
FINC 2XX	Finance 200-level option	18 pts
FINC 2YY	Finance 200-level option	18 pts
<b>Year 3</b>		
ECON 3WW	Economics 300-level option	18 pts
ECON 3XX	Economics 300-level option	18 pts
ECON 3YY	Economics 300-level option	18 pts
ECON 3ZZ	Economics 300-level option	18 pts
FINC 3AA	Finance 300-level option	18 pts
MATH 3BB	Mathematics 300-level option	18 pts

**A note about Maths and Stats...**

One thing that we always tell Economics students at enrolment time is the importance of having some background in Maths and Statistics. If you are interested in majoring in Economics – or even if you're just considering it – we would encourage you to take a first-year Maths paper, such as MATH 160 or FINQ 102, and a first-year Statistics paper, such as STAT 110 or BSNS 102. You will find that having some basic skills in algebra, calculus and statistics will make it easier to understand some of the topics you will encounter at 200- and 300-level.

### Double Majors in a BA

More and more students are choosing to complete a double major within their degrees. Popular majors to combine with Economics in the BA include Philosophy, Political Studies, History, Geography, Mathematics and Statistics, but any Arts major subjects can be combined. Completing a double major involves fulfilling the major subject requirements in both Economics and the second subject area (as set out in the *Calendar*). Here is an example of a programme structure for a BA double major:

#### Example 7: BA (majors: Economics and Geography)

Year 1		
ECON 111	Principles of Economics 1	18 pts
ECON 112	Principles of Economics 2	18 pts
GEOG 101	Physical Geography	18 pts
GEOG 102	Human Geography	18 pts
STAT 110	Statistical Methods	18 pts
GEOL 112	Dynamic Earth, a New Zealand Perspective	18 pts
Year 2		
ECON 201	Microeconomics	18 pts
ECON 202	Macroeconomics	18 pts
ECON 2XX	Economics 200-level option	18 pts
GEOG 280	Field Research Methods	18 pts
GEOG 2XX	Geography 200-level option	18 pts
GEOG 2YY	Geography 200-level option	18 pts
ECON 3WW	Economics 300-level option	18 pts
Year 3		
ECON 3XX	Economics 300-level option	18 pts
ECON 3YY	Economics 300-level option	18 pts
ECON 3ZZ	Economics 300-level option	18 pts
GEOG 380	Field Research Studies	18 pts
GEOG 3XX	Geography 300-level option	18 pts
GEOG 3YY	Geography 300-level option	18 pts
GEOG 3ZZ	Geography 300-level option	18 pts

### The Multidisciplinary 'PPE' Major

Philosophy, Politics and Economics (PPE) are available as a single multidisciplinary major in the BA. There are natural affinities and common roots among several strands of Philosophy, Political Studies and Economics, and PPE programmes have an established pedigree, including the long-established course at Oxford University. The aim of this programme is to give a broader exposure to the range of approaches in these three disciplines than would be gained within any one of the traditional single-discipline majors.

For BA students, PPE provides an attractive and intellectually stimulating combination of analytical approaches and develops a range of skills for which there is a clear demand. If you are seeking to avoid “placing all your eggs in a specialised basket” the PPE major fits in with a possible “insurance” trend towards more generalist studies. Details of the specific requirements are shown in the box below.

#### Philosophy, Politics and Economics (PPE) Major Subject Requirements in BA

		Points
100-level	ECON 111 and ECON 112	36
	One 100-level PHIL paper (preferably PHIL 103)	18
	One 100-level POLS paper (preferably POLS 102)	18
200-level	ECON 201 or ECON 271,* one other 200-level ECON paper	36
	Two 200-level PHIL papers	36
	Two 200-level POLS papers	36
300-level	Two 300-level ECON papers	36
	Two 300-level PHIL papers	36
	Two 300-level POLS papers	36
72 further points at any level, which may be taken from outside Arts		

\* To take ECON 271, you must have first passed FINQ 102 or an equivalent 100-level MATH paper (e.g. MATH 160).

## COMBINING ECONOMICS AND STATISTICS

Economics and Statistics may be combined either by completing a double major in a BA or a specially approved “Economics and Statistics” major in a BSc. Economics and Statistics are naturally complementary subjects and there is a strong demand for graduates who have well-developed analytical skills, and an understanding of economic and statistical techniques for analysing economic, financial and other data. Details of an example programme satisfying the requirements for the BSc major in Economics and Statistics is shown in the box below (you would also need a further 72 points to complete the degree).

### Economics and Statistics (BSc) Major Subject Requirements

	Paper	Points	Paper	Points
100-level	MATH 170	18	BSNS 104/ECON 111	18
	STAT 110 or 115	18	ECON 112	18
200-level	STAT 261	18	ECON 201 or 271*	18
	MATH 242	18	ECON 202	18
	STAT 241	18		
300-level	STAT 362	18	Any four	
	54 further 300-level STAT points	54	ECON 300-level papers	72

\* To take ECON 271, you must have first passed FINQ 102 or an equivalent 100-level MATH paper (e.g. MATH 160 or 170).

## MAJORING IN ANOTHER SUBJECT?

An understanding of Economics is becoming increasingly important in a wide range of careers. If you are a business student, the study of Economics is essential to your achieving a “well-rounded” education. This is because Economics is a base discipline from which each of the functional areas of business (such as Finance, Marketing, Accounting or Operations Management) has derived some of its principles and ideas. Including ECON 112 in your degree along with BSNS 104/ECON 111 gives you the flexibility to be able to carry on to higher-level courses in Economics. If you want to keep this option open, we strongly advise you to take BSNS 104/ECON 111 in Semester 1 of your first year, followed by ECON 112 in Semester 2; this avoids timing problems in trying to catch up later on. Note that BSNS 104/ECON 111 does not assume a prior knowledge of Economics, although if you’ve taken Economics at school this will be helpful preparation.

Economics papers are also an excellent complement to courses such as Law, Political Studies, Philosophy, History, Geography, Languages, Psychology, Mathematics and Statistics. Once you have done the “basics” at first year, you can go on to do some of our 200-level papers – such as “Environmental Economics” and “The World Economy”. These papers show you how the economic theories you have learned at 100 level can be applied to a variety of areas of topical interest.

## A MINOR IN ECONOMICS

Even if you decide to major in another subject (or subjects) you can complete a minor in Economics in the BA, BCom, BSc or BAppSc. Given the underpinning role of Economics in business, commerce and most social sciences, completing a minor in Economics is a convenient way to include a coherent selection of Economics papers in your academic record and degree certificate.

**Economics**  
**Minor Subject Requirements**

		Points
100-level	BSNS 104/ECON 111 Principles of Economics 1	18
	ECON 112 Principles of Economics 2	18
200-level	ECON 201 Microeconomics, OR	
	ECON 271 Intermediate Microeconomic Theory,* OR	
	ECON 202 Macroeconomics	18
	ECON 2XX Economics 200-level option	18
300-level	ECON 3XX Economics 300-level option	18

\* To take ECON 271, you must have first passed FINQ 102 or an equivalent 100-level MATH paper (e.g. MATH 160).

**Example 8: BCom (major: Management, minor: Economics)**

<b>Year 1</b>		
BSNS 105	Management and Organisation	18 pts
MANT 112	Management Functions	18 pts
BSNS 104	Principles of Economics 1	18 pts
ECON 112	Principles of Economics 2	18 pts
BSNS 103	Marketing and Consumption	18 pts
BSNS 106	E-business and Information Systems Development	18 pts
<b>Year 2</b>		
MANT 2XX	Management 200-level option	18 pts
MANT 2YY	Management 200-level option	18 pts
MANT 2ZZ	Management 200-level option	18 pts
BSNS 101	Accounting and Financial Information	18 pts
BSNS 102	Quantitative Analysis for Business	18 pts
ECON 2XX	Economics 200-level (201, 271 or 202)	18 pts
BSNS 201	Business and Society	18 pts

**Year 3**

MANT 3WW	Management 300-level option	18 pts
MANT 3XX	Management 300-level option	18 pts
MANT 3YY	Management 300-level option	18 pts
MANT 3ZZ	Management 300-level option	18 pts
ECON 2YY	Economics 200-level option	18 pts
ECON 3XX	Economics 300-level option	18 pts
COMS 101	Introduction to Communication Studies	18 pts

**THE DIFFERENCE BETWEEN A DOUBLE MAJOR AND A DOUBLE DEGREE**

For a double major you must meet the major subject requirements for two subject areas within the 360 points (minimum) requirement for a *single* degree, e.g. BCom or BA. It is quite common though for students to undertake a “double degree”, i.e., two degree courses at the same time, e.g., BCom/LLB, BA/BCom, BA/BSc. Because you are allowed to cross-credit (i.e., double count) some points, completing two degrees does not take twice as long as completing one degree. For example, you can cross-credit up to 126 points if you are completing two three-year degrees, so you would need a minimum of 594 points in total, not 720 points.

If you want to pursue a double degree, one advantage of taking Economics is that it can be studied as a major in either the BA or BCom, thus ensuring that the maximum cross-credit allowance can easily be achieved. Economics also combines very well with a wide range of other subjects in both the BA and the BCom, and with science subjects, especially Maths and Statistics, in the BSc.

**SUMMER SCHOOL 2008**

Both 100-level Economics papers, BSNS 104/ECON 111 and ECON 112, will be offered in Summer School in 2008. For information about enrolment, see [http://www.otago.ac.nz/courses/summer\\_school/index.html](http://www.otago.ac.nz/courses/summer_school/index.html), or contact the Department.

For those of you who have taken BSNS104/ECON 111 but not ECON 112 in 2007, Summer School 2008 provides the only opportunity to take ECON 112 before ECON 201 is next offered in Semester 1, 2008. ECON 201 is a “gateway” course to 300-level Economics papers and would normally be taken as part of the requirements for a major or minor in Economics. ECON 112 is a prerequisite for ECON 201, so taking this paper as soon as possible after BSNS104/ECON 111 maximises your flexibility in designing your degree programme if you intend to include more Economics papers.

## HONOURS COURSES IN ECONOMICS

### THE ADVANTAGES OF AN HONOURS DEGREE IN ECONOMICS

If you are interested in a career as a professional economist, an Honours degree in Economics is really the minimum training requirement. An Honours degree is also a general signal to employers that you have had a more comprehensive academic training than an ordinary Bachelor's degree, involving advanced-level papers and a significant research component in the final year of study. The latter is particularly valued by employers because it involves the application of a wide range of skills, including defining and focusing on a specific problem, planning work, applying relevant analytical and/or statistical techniques, interpretation and evaluation, time management, report writing, verbal presentation, etc.

### HOW THE HONOURS DEGREE DIFFERS FROM THE BACHELOR'S DEGREE

Normally, an Honours degree takes four years to complete. The objective of our Honours degree is to provide a background suitable for intending professional economists or for proceeding to further academic study. This requires more emphasis on the "core" areas of Economics (microeconomics, macroeconomics, and econometrics). As a result the programme is designed to include coverage of these areas by requiring specific papers.

In the fourth-year programme everyone completes a dissertation (ECON 480) which aims to introduce you to the process of scholarly research by applying economic tools to a well-defined problem.

A specific class of Honours - First, Upper Second (2-I), Lower Second (2-II), Third or Fail - is awarded on the basis of performance in the final year of the Honours programme.

If you have any questions about studying Honours in Economics, please contact the Honours Co-ordinator.

## THE HONOURS PROGRAMME IN THE BA(HONS) AND THE BCOM(HONS)

The specific paper prerequisites for entry to Honours in either the BA(Hons) or the BCom(Hons) are:

BSNS 104/ECON 111;
ECON 112;
BSNS 102 or STAT 110 or STAT 115;
FINQ 102 or MATH 160 or both MATH 102 and MATH 103.

These papers provide the required background in Economics, Maths and Statistics for the Honours papers. Anyone potentially interested in the Honours programme is strongly advised to take these papers as early as possible in their degree programme. The same applies for anyone interested in later enrolling for a postgraduate qualification in Economics. The full structure of an Honours degree in Economics is as follows:

### Outline of BCom(Hons)\*/BA(Hons) in Economics

\* *BCom(Hons) students who begin their degrees from 2007 onwards will need to include BSNS 101, BSNS 103, BSNS 105, BSNS 106 and BSNS 201 in their programmes in addition to the following.*

		Points
Year 1	BSNS 104/ECON 111 Principles of Economics 1	18
	ECON 112 Principles of Economics 2	18
	FINQ 102/MATH 160 or alternative (Mathematics)	18
	BSNS 102/STAT 110 (Statistics)	18
	54 further points	
Year 2	ECON 271 Intermediate Microeconomic Theory	18
	ECON 202 Macroeconomics	18
	ECON 210 Introduction to Econometrics	18
	ECON 270 Introduction to Mathematical Economics	18
	54 further points, including at least 18 points at 200-level	
Year 3	ECON 371 Microeconomic Theory	18
	ECON 375 Econometrics	18
	ECON 376 Macroeconomic Theory	18
	ECON 377 Mathematical Economics	18
	54 further points, including at least 36 points at 300-level	

	Points	
Year 4	ECON 421 Econometric Theory, OR ECON 422 Macroeconometrics	18
	ECON 424 Advanced Macroeconomic Theory	18
	ECON 429 Topics in Microeconomics	18
	ECON 480 Dissertation	36
	ECON 4XX	18
	ECON 4YY	18
	ECON 4ZZ	18

You can enter the Honours programme at different stages. The most common way of getting in to the Honours programme is by invitation or by applying at the end of your first year to enter Honours in Year 2. Entry to Honours requires a B+ average or better in the two 100-level Economics papers. Grades in other papers taken in your first year will also be taken into account (so, for example, a B grade in Economics could be acceptable if you have A grades in supporting papers, especially in Maths,

Statistics, Finance, etc.). Note that if you have not taken a Maths paper (FINQ 102, MATH 160 or equivalent) in Year 1, you will need to take this in Semester 1 of Year 2 together with ECON 201. ECON 271 can then be postponed until Semester 1 of Year 3. This will not delay completion of your Honours programme as ECON 371, for which ECON 271 is a prerequisite, will be offered in Semester 2.

Applications for entry into third-year Honours (3H) will also be considered if you've successfully completed ECON 201 or ECON 271, and ECON 202 and other 200-level ECON papers (with a B+ grade or better on average) and have a good Mathematics and Statistics background. However, it's obviously easier to catch up on the required Honours papers if you've anticipated a possible shift to Honours and already taken ECON 270 and ECON 271 in Year 2. It is usually possible to catch up on ECON 210 or ECON 271 in your 3rd year. To explore your options in this regard, see the Honours Co-ordinator.

Once you have gained entry, to proceed to the next stage of Honours you need to pass all your Economics papers and meet minimum grade requirements. To proceed to 3H, you need either a) an average of B across the four required papers or b) to pass all required papers with a B- or better. Grades in other relevant papers may also be taken into account. To proceed to 4H, you must have a) an average of B- across the required papers, and b) to have passed all required papers with a C+ or better. Grades in other ECON 300-level papers may also be taken into account.

**'JOINT HONOURS' AND 'DOUBLE HONOURS'**

'Joint Honours' (or 'Combined Honours') involves combining two subject areas in (normally) a four-year programme. 'Double Honours' involves completing the final (4H) years for both subject areas, which will normally require an additional year of study. The most popular combination is Economics and Finance, and an example of a course structure is given below. Approved programmes of study also exist for combining Economics with Statistics, Accountancy or Marketing, and illustrative course structures are given on our website. Joint and Double Honours programmes combining Economics with Mathematics are also available. For further information, contact the Honours Co-ordinator.

**Joint Honours [BCom(Hons)]: Economics and Finance**

<b>Year 1</b>	BSNS 101, BSNS 102, BSNS 104, ECON 112, FINQ 102 + at least 18 further points			
	<b>Paper</b>	<b>Points</b>	<b>Paper</b>	<b>Points</b>
<b>Year 2</b>	FINC 201	18	ECON 271	18
	FINC 202	18	ECON 202	18
	FINC 203	18	ECON 270	18
	+ at least 18 further points			
The remaining core papers (BSNS 103, BSNS 105, BSNS 106 and BSNS 201) would also need to be completed in Years 1 and 2.				
<b>Year 3</b>	FINC 301	18	ECON 371	18
	FINC 302	18	ECON 375	18
	FINC 303	18	ECON 376	18
	FINC 3XX	18	ECON 377	18
<b>Year 4</b>	FINC 4XX	36	ECON 480	36
	FINC 4YY	36	ECON 4XX	18
			ECON 4YY	18

## THE BA HONOURS DEGREE IN PPE

A BA Honours programme is also available in Philosophy, Politics and Economics (PPE). The first three years of study are constructed with approximately equal emphasis on the three disciplines. In the fourth year of Honours, you can either specialise or maintain a broader programme. Details of the course structure are given in the box below.

### BA Honours in Philosophy, Politics and Economics (PPE)

		Points
Year 1	ECON 111 and ECON 112	36
	One 100-level PHIL paper (preferably PHIL 103)	18
	One 100-level POLS paper (preferably POLS 102)	18
	Recommended: MATH 160 or FINQ 102 STAT 110 or BSNS 102	
	+ at least 54 further points	
Year 2	ECON 201 or 271, ECON 202	36
	Two 200-level PHIL papers	36
	Two 200-level POLS papers	36
	One additional paper (e.g. ECON 270)	36
Year 3	Two 300-level ECON papers	36
	Two 300-level PHIL papers	36
	POLS 302 and one other 300-level POLS paper	36
	+ at least 18 further points	
Year 4	ECON 490 or PHIL 490 or POLS 490 plus papers worth at least 96 points from 400-level ECON, PHIL or POLS papers, or ECON 371, ECON 375, ECON 376 or ECON 377	

**Some recent Honours dissertation topics:**

- Are poor countries above their steady-state income levels? A time-series analysis.
- Money, medicine and mortality: an empirical investigation into the link between health status and health care expenditure.
- Domestic matters: the evolution of competitive balance in New Zealand rugby's national provincial first division.
- Holding a grudge: a time-series approach to the formation of public opinion in Israel.
- Cost effectiveness analysis of the measles vaccination in NZ.
- Evaluating the supplementary road safety package: models that count.
- The scope and limits of contracting out by the Dunedin City Council.
- Explaining the geographical variation in firm births across industries in New Zealand.
- A study in New Zealand innovation: the Fisher & Paykel Dishdrawer™.
- Which incentives deter crooks? An empirical investigation into the determinants of selected New Zealand crimes.
- Pin the neonatal unit on the map: a location analysis of neonatal facilities in New Zealand.

**THE DIFFERENCE BETWEEN BCOM(HONS) AND AN MBUS DEGREE IN ECONOMICS**

As well as the Honours programme, an MBus (Master of Business) in Economics is also available. The MBus degree was introduced in 1998 to provide a professionally oriented specialist degree for graduates and business professionals who want to enhance their qualifications and career prospects by postgraduate course-work study and applied research. It also offers an alternative pathway if you are in the Honours sequence. Normally, you need a BCom (or equivalent) with a B average, majoring in Economics, to enrol for an MBus in Economics. This means that, if you are in the Honours programme, you can choose to complete an ordinary Bachelor's degree and study for an MBus instead of completing the fourth year of Honours.

The main differences between the Honours degree and the MBus are:

#### **Honours (fourth year)**

- 108 points of ECON 400-level papers
- 36-point Dissertation (ECON 480)
- Can only be studied full-time
- Must be completed within a single calendar year (two semesters)

#### **MBus**

- 144 points of ECON 37X or 400-level papers
- 36-point Research Topic (ECON 590) plus a 36-point Research Report (ECON 591)
- Can be studied full- or part-time
- If studied full-time, it must be completed within 18 months (but can usually be completed in 12 months)
- If studied part-time, it must be completed within three years of admission to the programme

If you are currently enrolled for Honours, our advice is first to complete the normal third-year requirements (ensuring that the BCom requirements are satisfied in the process) and then decide between completing Honours or an MBus. You can then consider the different requirements in terms of time, cost, feedback from employers, etc. The Otago Honours degree has a long tradition and is a well-respected and well-recognised qualification, held in high esteem both by New Zealand employers and overseas. However, course-work Masters' degrees have also become increasingly popular in recent years, with the need for additional qualifications beyond a Bachelor's degree.

*“Studying Economics at Otago opened doors for me both in New Zealand and around the world. After completing my Honours degree, I joined Deloitte Consulting’s Strategy and Operations practice, helping New Zealand’s largest private and public sector organisations develop and implement business strategies. Our work varied from pure strategy development to operational process analysis, financial modeling to organisational design. Eighteen months later I was offered a transfer to Deloitte Consulting’s US practice. I now spend my time between Washington DC and New York, providing business and strategy advice to some of the world’s largest companies.*

*My training at Otago provided me with the knowledge to understand market issues at a macro level, as well as the skills to apply logical, structured analysis to solve business problems at a micro level. In addition to quantitative and*

*theoretical analyses, the Honours programme in Economics touches upon a wide range of disciplines including psychology, accounting and management. All of this has provided me with an invaluable tool kit to deal with complex issues in different industries, markets and countries.*

*I can't emphasise enough the benefits of the Honours programme for those with a passion for learning and who seek to be challenged every day during their academic years. An Honours degree in Economics will provide you with solid foundations and can take you wherever you want to go."*

**Jonathon Wong: 2004 Economics Honours Graduate, Business Analyst at Deloitte Consulting Wellington and now a Consultant at Deloitte Consulting Washington DC.**

## PAPERS AND PRESCRIPTIONS

This section provides information on papers offered by the Department in 2008. The brief outline of the topics covered in each paper and required prerequisites and recommended preparations should help in selecting papers in Economics. For extra advice, you are encouraged to see the paper Co-ordinator or one of our Course Advisors. S1 denotes a semester 1 paper, S2 a semester 2 paper, SS a summer school paper, and F a full-year paper. Times for lectures and tutorials will be made available at the start of the year.

## PLUSSAGE

Normally, the overall grade a student receives for a course will be a weighted average of his/her internal assessment and final exam grades. However, in courses where *plussage* is applied, the weight assigned to some (or all) of the internal assessment grade may be shifted to the final exam grade if (and only if) this has the effect of increasing the student's overall grade. (The details of how this happens varies from course to course.) In effect, a student's grade is based on either the normal weighting system or an alternative system (that places greater importance on the final exam) and the choice is based on whichever gives the outcome that is most favourable to the student.

The idea behind plussage is that, when a final exam assesses knowledge or skills that were also tested in the internal assessment, a grade based on **both** the internal assessment and the exam may not reflect what a student has learnt by the end of the course. More specifically, if a student demonstrates a substantial improvement in their understanding of the course content between the internal assessment exercise and the final exam, counting his/her (relatively low) internal assessment mark in the overall grade can mean that the latter understates the student's 'true' degree of competency in the course subject.

Not all courses offer plussage. One reason for this is that internal assessment may test knowledge or skills that are not assessed in the final exam and so a student's performance on the former cannot be discounted without distorting the assessment process.

Plussage should **not** be taken as a signal that internal assessment is considered to be optional or unimportant. Avoiding (or not putting a serious effort into) the internal assessment exercises in courses with plussage is a high-risk strategy that often causes problems for students. If you are considering such a strategy (on the grounds, say, that your final exam can account for 100% of your overall grade), you should take the following into account:

- Having internal assessment marks 'in the bank' reduces the importance (and hence the stress) associated with the final exam.
- Internal assessment exercises, because they are usually narrowly focused, are often easier to do well in than a (wide-ranging) final exam.
- If you are unwell on the day of the final exam and wish to apply for Special Consideration (see [www.otago.ac.nz/study/exams.html#6](http://www.otago.ac.nz/study/exams.html#6)), poor or incomplete internal assessment greatly limits the forms of special consideration available. Poor or incomplete internal assessment will also reduce the chance of **any** special consideration being offered at all.
- If you fail a course and wish to apply for Terms Carried Over (see [www.otago.ac.nz/study/exams.html#termscarriedover](http://www.otago.ac.nz/study/exams.html#termscarriedover)), poor or incomplete internal assessment dramatically reduces the chance of an application being successful.

## 100-LEVEL PAPERS

### **BSNS 104/ECON 111: Principles of Economics 1 (18 points, SS, S1 and S2)**

Introduces the analysis of predominantly market economies and how they work, both as a whole and in individual markets. The overall emphasis is on learning to think like an economist, that is, a person who can apply basic economic principles to understand and explain what is observed in the real world around them. Topics covered include: comparative advantage and trade, demand and supply and the “invisible hand”, money, inflation and monetary policy, unemployment, and currency and financial markets.

**Restrictions:** ECON 101, MANV 101, MANV 201.

**Class contact:** Three lectures and one tutorial per week.

**Assessment:** 25% internal, 75% final exam (plussage applies).

**Textbook:** Frank, R. H. and B. S. Bernanke. *Principles of Economics* (2nd or 3rd edition). Boston: McGraw-Hill, 2006.

### **ECON 112: Principles of Economics 2 (18 points, SS and S2)**

Builds on the material in BSNS 104/ECON 111, and extends the analysis of market economies and how they work in parts and as a whole, both in New Zealand and international contexts. Topics covered include: economic growth, business cycles, labour markets, saving and capital formation, consumer choice, the economics of information, externalities, public goods and the appropriate role of government.

**Prerequisite:** BSNS 104/ECON 111 (or ECON 101).

**Note:** A student who has achieved mainly Excellences and Merits in each of Economics and Mathematics with Calculus or Mathematics with Statistics at NCEA Level 3 may apply to the Department of Economics to have this prerequisite waived. This will be allowed at the Department's discretion on consideration of the student's general academic ability and circumstances.

**Restrictions:** ECON 102, MANV 201.

**Class contact:** Three lectures and one tutorial per week.

**Assessment:** 25% internal, 75% final exam (plussage applies).

## 200-LEVEL PAPERS

### ECON 201: Microeconomics (18 points, S1)

Provides a working knowledge of microeconomic theories and applications.

The objective is to 'make sense' of a wide range of interesting and commonplace economic phenomena relating to the behaviours of individuals, firms and government organisations. Topic areas will include: market and consumer choice theory, economic psychology, monopoly and government competition policy, the 'new economy', information and uncertainty, pricing, game theory, auctions, and the natural environment.

**Prerequisite:** (BSNS 104/ECON 111 and ECON 112) or ECON 101.

**Recommended preparation:** One of QUAN 102, FINQ 102, MATH 102, MATH 160 or MATH 151.

**Class contact:** Three lectures and one tutorial per week.

**Assessment:** 40% internal, 60% final exam, (plussage applies).

**Textbook:** Reading list to be advised.

### ECON 202: Macroeconomics (18 points, S2)

The purpose of this paper is to explore modern macroeconomic theory and practice.

The paper covers both Keynesian and neoclassical theories. It aims to provide a balance between short run and long run issues and uses a variety of simple models.

Topics covered include: output and demand in the real economy, economic growth, the real exchange rate, the labour market, money and inflation, and business cycles.

**Prerequisites:** (BSNS 104/ECON 111 and ECON 112) or (ECON 101 and ECON 102).

**Recommended preparation:** One of QUAN 102, FINQ 102, MATH 102, MATH 160 or MATH 151.

**Class contact:** Three lectures and one tutorial per week.

**Assessment:** 40% internal, 60% final exam (plussage applies).

**Textbook:** To be advised.

**ECON 206: The World Economy (18 points, S2)**

This paper discusses the ideas and institutions that formed the world economy and explores major current issues in the world economy. The topics covered include: mercantilism versus economic liberalism; the GATT, the WTO and the liberalisation of international trade; major developments in the international monetary system (including the gold standard, Bretton Woods and the euro); and implications of the global capital market. The costs and benefits of globalisation, especially from the perspective of developing countries, will also be covered, as will the Asian economic crisis.

**Prerequisites:** (BSNS 104/ECON 111 and ECON 112) or (ECON 101 and ECON 102).

**Class contact:** Two lectures per week and one fortnightly tutorial.

**Assessment:** 25% internal, 75% final exam (plussage applies).

**Textbook:** Reading list to be advised.

**ECON 207: Environmental Economics (18 points, S1)**

This paper applies the tools of microeconomics to examine a variety of local and global environmental issues. We start by examining the stunning growth in global population, and the consequent pressures on natural systems. Of especial interest are problems associated with natural resources to which access is to varying extents open, e.g., the atmosphere, bodies of water, public lands and highways, scenic vistas. We develop economic models to identify and evaluate private and public responses to inefficient use of these resources (i.e., to the “tragedy of the commons”). Finally, we explore issues in the allocation over time of depletable natural resources, e.g., oil, minerals and some water resources.

**Prerequisite:** (BSNS 104/ECON 111 and ECON 112), or ECON 101

**Class contact:** Three lectures and one tutorial per week.

**Assessment:** 40% internal, 60% final exam.

**Textbook:** Tietenberg, Tom. *Environmental Economics and Policy, 4th edition*. Boston: Pearson, Addison/Wesley, 2004.

**ECON 210: Introduction to Econometrics (18 points, S1)**

This paper provides an introduction to econometrics. Through problem-solving assignments and computer-based exercises students learn to appreciate the importance of using relevant econometric procedures when analysing economic issues. At the end of the paper successful students will be able to use econometric tools to provide answers to economic questions. Topics to be covered include: least squares estimation, autocorrelation, heteroscedasticity, multicollinearity and dummy variables.

**Prerequisite:** BSNS 102 or STAT 110.

**Prerequisite or corequisite:** One of FINQ 102, MATH 160 or (MATH 102 and MATH 103).

**Restriction:** FINC 203, STAT 241.

**Class contact:** Three lectures and one help session or computer lab session per week.

**Assessment:** 30% internal, 70% final exam.

**Textbook:** Wooldridge, J. M. *Introductory Econometrics: A Modern Approach* 3rd edition. Mason, OH: Thomson, 2006.

**ECON 250: Special Topic: Economic Disasters of the Twentieth Century (18 points, S2)**

This course examines the causes and impact of selected economic crises during the twentieth century. Episodic rather than strictly chronological, it traces the origins and immediate consequences of selected crises, contrasting contemporary perceptions with the subsequent judgements of economic historians. It asks how far governments, economists and others learned from experience and the extent to which economic 'management' developed as a reaction to the perceived instability of Western capitalism.

**Prerequisite:** (BSNS 104/ECON 111 and ECON 112) or ECON 101.

**Class Contact:** Three lectures per week. Tutorials to be advised.

**Assessment:** To be advised.

**Textbook:** To be advised.

**ECON 270: Introduction to Mathematical Economics (18 points, S1 and S2)**

The principal aim of this course is to introduce students to how mathematics can be used to sharpen and clarify economic analysis. By the end of the course successful students will be comfortable with the basic mathematical methods, which are indispensable for a proper understanding of economics, and will have some facility at tackling economic problems using a mathematical framework. If you know some simple calculus you will find the course manageable, interesting and challenging, as well as helpful in understanding other Economics and Finance courses.

**Prerequisites:** ((BSNS 104/ECON 111 and 112) or ECON 101) and (FINQ 102 or (MATH 102 and 103) or MATH 160).

**Restriction:** ECON 370.

**Class contact:** Three lectures and one help session per week.

**Assessment:** 20% internal, 80% final exam (no plussage).

**Textbook:** To be advised.

**ECON 271: Intermediate Microeconomic Theory (18 points, S1)**

The paper presents an analytic approach to intermediate microeconomics and emphasises the fundamental conceptual foundations. The paper aims to demonstrate how microeconomics can be used to explain and predict household and firm behaviour and to demonstrate the effect of government policy on household and firm decision making. During the paper you will develop problem-solving skills, so reinforcing your understanding of both microeconomic and mathematical concepts.

By the end of the paper you should have enhanced your ability to reason logically and accurately.

**Prerequisites:** ((BSNS 104/ECON 111 and ECON 112) or ECON 101) and (FINQ 102 or MATH 160 or MATH 170).

**Class contact:** Two lectures and one tutorial per week.

**Assessment:** 20% internal, 80% final exam (no plussage).

**Textbook:** Varian, H. *Intermediate Microeconomics: A Modern Approach* 7th edition. Norton, 2006.

### 300-LEVEL PAPERS

#### ECON 302: International Trade (18 points, 52)

This paper explores the pattern of international trade, the effects of international trade on an economy and the effects of trade policy. Standard trade models are developed and applied to current issues such as the growing importance of intra-industry trade, the effects of government intervention, recent moves towards liberalising international trade and the “food miles” debate.

**Prerequisite:** ECON 201 or ECON 271.

**Class contact:** Two lectures and one tutorial per week.

**Assessment:** 25% internal, 75% final exam (plussage applies).

**Textbook:** Yarbrough, B. V. & Yarbrough, R. M. *The World Economy: Trade and Finance*, 7th ed. Fort Worth: Dryden Press, 2005.

#### ECON 303: Economics of Developing Countries (18 points, 51)

In New Zealand income per capita is \$US19,550, virtually everyone can read and write and, on average, people can expect to live for 76 years. In India income per capita is \$US720, half the population cannot read and write and average life expectancy is 62 years. Most of the countries that make up the world economy have more in common with India than with New Zealand. These countries (where more than two-thirds of the world’s population live) are known as the Third World. This course is about these countries. The course analyses various models that seek to explain why it is that most of the world’s economies appear to be trapped at low standards of living for most of their citizens. We will also analyse what policies, if any, are likely to encourage the economic development of these countries. The approach followed will be to relate the theoretical literature to the real world experience of developing countries.

**Prerequisites:** (ECON 201 or ECON 271) and ECON 202.

**Class contact:** Two lectures per week, and tutorials held most weeks.

**Assessment:** 25% internal, 75% final exam (plussage applies).

**Textbook:** Todaro, M. and Smith, S. *Economic Development* 9th edition. Boston: Pearson Addison Wesley, 2006.

**ECON304: Industrial Innovation (18 points, S2)**

Innovation is central to growth. Successful companies are nearly always brilliant innovators. They outsmart their rivals by developing new products and processes. However, this is a tough way to live because pioneering is risky. This paper explains what is involved in innovation. Topics covered include: invention, diffusion, patents and patenting, the management of innovation, and the multinational enterprise. The emphasis of the paper is to show Economics in action in the real world and to make the content both interesting and stimulating.

**Prerequisite:** 18 200-level ECON points.

**Restriction:** ECON 250 if passed in 2005 or 2006.

**Class contact:** Three hours of lectures per week.

**Assessment:** 20% internal, 80% final exam (plussage applies).

**Textbook:** Reading list to be advised.

**ECON 306: Economics of Health and Education (18 points, S1)**

After social welfare, health and education are the largest areas of government spending in most modern economies, including New Zealand (where together they account for more than 10% of GDP). This paper is about the economic analysis of the health and education sectors, with particular emphasis on government policy concerning them. This affords a special opportunity for the application of a wide range of microeconomic concepts and techniques (some covered in ECON 201) to significant real-world issues, such as health rationing, the 'value of life' and 'user-pays' (e.g., student fees) in education.

**Prerequisite:** ECON 201 or ECON 271.

**Class contact:** Three hours of lectures per week.

**Assessment:** 30% internal, 70% final exam (plussage applies).

**Textbook:** Reading list to be advised.

**ECON 312: Natural Resource Economics (18 points, S2)**

According to some economists, with business as usual we are going to run out of exhaustible natural resources within the next 100 years. What can we do to avoid this situation? At least two things we can do: to pursue sustainable development and to use natural resources such as land, water, minerals, fossil fuels, fisheries, forests efficiently. What is sustainable development? How can it be achieved? What conditions must be satisfied for the resources to be utilised efficiently? Can we rely on markets for their efficient use? All these issues are discussed in this course.

**Prerequisite:** ECON 201 or ECON 271.

**Recommended preparation:** ECON 207.

**Class contact:** Two lectures per week.

**Assessment:** 30% internal, 70% final exam (plussage applies).

**Textbook:** Reading list to be advised.

**ECON 316: Open Economy Macroeconomics (18 points, S1)**

This course examines macroeconomic and monetary aspects of international economics, including the balance of payments, the foreign exchange market, international monetary systems, external debt, and the effectiveness of monetary, fiscal and exchange rate policy in an open economy.

**Prerequisites:** ECON 202.

**Prerequisite or corequisite:** ECON 201 or ECON 271.

**Restriction:** ECON 302 if passed prior to 1994.

**Class contact:** One lecture and two tutorials per week.

**Assessment:** 40% internal, 60% final exam.

**Textbook:** Pilbeam, K. *International Finance* 2nd or 3rd edition. London: MacMillan, 2006.

**ECON 317: Urban and Regional Economics (18 points, S1)**

The majority of the population in industrialised countries has shifted over the course of the last century or two from rural areas into towns and cities. Most of us spend most of our lives in urban environments. In this paper we apply basic methods of microeconomic analysis to gain an understanding of the economic forces at work in urbanized areas. We'll look at economic explanations of (1) why cities exist and where they develop within regions; (2) the patterns of land prices and land uses within urban areas; and (3) the various activities of local governments and the private sector in shaping urban environments.

**Prerequisite:** ECON 201 or ECON 271.

**Class contact:** Three lectures and one tutorial per week.

**Assessment:** 40% internal, 60% final exam.

**Textbook:** O'Sullivan, A. *Urban Economics* 6th edition. Boston: McGraw-Hill-Irwin, 2007.

**ECON 350: Special Topic: The Rise and Fall of Japanese Economic Power, 1945 – 2000 (18 points, S2)**

This course examines the foundations of Japan's sustained economic growth since 1945 and the immediate causes of her economic setback from the 1990s. It traces the impact of wartime defeat in 1945, the subsequent American occupation, and the way in which government, management, workers and the financial sector engineered rapid economic growth from the 1950s. The course focuses particularly upon the emergence of the 'developmental state' and the shifting relationship between the state and the market during the period of high growth. It includes an analysis of the economic setbacks that Japan suffered from the early 1970s, but especially in the aftermath of financial crises from the 1980s. It concludes with a brief assessment of whether the sun has finally set upon a country which dominated comparative economic performance for the greater part of the post-World War II period.

**Class Contact:** Three lectures per week. Tutorials to be advised.

**Assessment:** To be advised.

**Textbook:** To be advised.

**ECON 371: Microeconomic Theory (18 points, S2)**

A well-trained graduate in medicine can predict that a poorly chosen drug will lead to severe complications and knows why; a well-trained graduate in architecture can predict that a poorly designed building will be unpleasant to work in and knows why. Similarly, a well-trained graduate in economics should be able to predict that a poorly designed tax system will be costly to society or that competitive supply of insurance under adverse selection may be inefficient, *and know why*. Building on ECON 271, this paper provides the student with the tools of modern microeconomic analysis that characterise and distinguish economics as a discipline. It covers consumer and producer theory.

**Prerequisites:** ECON 271 and ECON 270.

**Class contact:** Three hours of lectures and one tutorial per week.

**Assessment:** 30% internal, 70% final exam (plussage applies).

**Textbook:** Reading list to be advised.

**ECON 375: Econometrics (18 points, S2)**

Econometrics makes use of statistical methods for estimating economics relationships, testing economic theories, selecting economic models, and evaluating government and business policy. This paper examines the theory and application of linear estimation and testing techniques in the context of multiple regression and dynamic and simultaneous equation models. Topics will include least squares estimation, the Gauss-Markov theorem, generalised least squares, autocorrelation and heteroscedasticity, multicollinearity, the identification and estimation of simultaneous equation systems, dynamic modelling, maximum likelihood estimation, and an introduction to panel data methods.

**Prerequisites:** ECON 210 and ECON 270 (or equivalent Mathematics and Statistics papers approved by the Head of Department).

**Class contact:** Three hours of lectures and one lab per week.

**Assessment:** 35% internal, 65% final exam (some plussage applies).

**Textbook:** Reading list to be advised.

**ECON 376: Macroeconomic Theory (18 points, S1)**

The focus in this course is on the traditional concern of macroeconomics, namely understanding the business cycle. Following an introductory section discussing competing paradigms (or schools of thought) and some methodological points, the course reviews the standard neo-classical synthesis and extends the traditional short-run macroeconomic model to the IS-PC(Phillips Curve)-MR(Monetary Rule) model

in order better to understand monetary policy formation and then considers modern equilibrium real business cycle and some microeconomic bases for the existence of a cycle, from both New Classical and New Keynesian perspectives.

**Prerequisites:** ECON 202 and ECON 270.

**Class contact:** Two hours of lectures and one tutorial per week.

**Assessment:** 40% internal, 60% final exam (plussage applies).

**Textbook:** There is no prescribed text. The course will centre on the reading of papers, which will be available either on the web or on Close Reserve at the Central Library.

### **ECON 377: Mathematical Economics (18 points, S1)**

The principal aim of this course is to extend students' facility with those methods of mathematics needed to pursue economic analysis at an advanced level. By the end of the course successful students will have consolidated their understanding of the basic mathematical methods indispensable for a proper understanding of economics and will have extended their knowledge to mathematical techniques useful in the analysis of dynamic economic models, specifically difference and differential equations and dynamic optimisation. All the techniques covered will be motivated by considering how they are applied in various economic contexts such as the multiplier-accelerator model, a model of partial adjustment of energy demand, Cournot duopoly, the dynamics of national debt accumulation, the dynamics of the IS/LM model, price adjustment with inventories, exchange rate overshooting, labour layoffs, retail price wars, optimal consumption, growth and investment paths and the optimal depletion rates of natural resources.

**Prerequisites:** ECON 270.

**Class contact:** Three lectures per week. Help sessions will also be arranged.

**Assessment:** 30% internal, 70% final exam (plussage applies).

**Textbook:** There are many useful texts in this area and a selection of them will be placed on Close Reserve in the Central Library. If you want to have your own copy, then the following is recommended: *Mathematics for Economists* by Hoy, Livernois, McKenna, Rees and Stengos, MIT Press, Cambridge, Massachusetts, second edition, 2001.

## 400-LEVEL PAPERS

These papers are normally taken as part of the 4th-year Honours, Postgraduate Diploma or MBus programmes. Note: not all papers may be taught in a given year. Student preferences and staffing arrangements (such as leave, appointments etc.) will be taken into account in determining which papers will be offered in any year. Apart from ECON 480 and 490 all other 400-level papers are semester papers.

### ECON 421 Econometric Theory (*18 points, S1*)

Introduces students to a set of principles and themes which unify modern econometric theory, emphasising that a few broad principles can be isolated as a basis for a unified approach to estimation and hypothesis testing. The following topics will be covered: asymptotic distribution theory, maximum likelihood estimation, likelihood ratio, Wald and Lagrange multiplier testing procedures, ARIMA, VARs, model selection procedures, and VECMs. Detailed examples of applications of these procedures to real data will be emphasised.

**Prerequisites:** ECON 375.

**Class contact:** One two-hour lecture per week.

**Assessment:** 40% internal, 60% final exam (some plussage applies).

**Textbook:** Reading list to be advised.

### ECON 422: Macroeconometrics (*18 points, S2*)

Examines aspects of time-series econometrics useful in estimating and testing macroeconomic relationships. The main emphasis is on econometric analysis of non-stationary data and cointegration. Topics will include basic concepts in time-series analysis (stationarity, order of integration, ARIMA processes, Box-Jenkins modelling), equilibrium (error) correction mechanisms, general-to-specific modelling, non-stationarity in economic time series, testing for unit roots, cointegration, testing for cointegration, modelling with cointegrated variables.

**Prerequisite:** ECON 375.

**Class contact:** One two-hour lecture per week.

**Assessment:** 30% internal, 70% final exam (plussage applies).

**Textbook:** Reading list to be advised.

### ECON 424: Advanced Macroeconomic Theory (*18 points, S2*)

This course builds on the explanations of the business cycle covered in ECON 376. Since consumption and investment are the most significant components of income/output, we discuss how households make consumption decisions and firms make investment decisions. We also closely examine theories relating to unemployment, monetary and fiscal policy.

**Prerequisites:** ECON 376 and ECON377.

**Class contact:** One two-hour lecture per week.

**Assessment:** 40% internal, 60% final exam (plussage applies).

**Textbook:** Most of the reading from the course will come from: Romer, D.

*Macroeconomics*. Boston: McGraw Hill, third edition, 2006. It is therefore useful to have your own copy, but Romer and any other material referred to will be available on Close Reserve in the Central Library and/or the web.

#### **ECON 426: Monetary Economics (18 points, S2)**

This paper examines theoretical and empirical aspects of the role of money in the macroeconomy and the implications for monetary policy. The emphasis is on applied monetary modelling, involving an understanding of relevant theoretical models and empirical results from such models. Recent empirical techniques will be covered.

The course is geared towards students who are interested in empirical applications and who plan to work in the government or finance sectors or plan to continue their studies writing a thesis with an empirical focus.

**Prerequisites:** ECON 375.

**Prerequisite or corequisite:** ECON 376.

**Class contact:** One two-hour lecture per week.

**Assessment:** 40% internal, 60% final exam (some plussage applies).

**Textbook:** Reading list to be advised.

#### **ECON 428: Growth and Development (18 points, S1)**

Whereas ECON 376 and ECON 424 are concerned principally with the business cycle, this course is about economic growth. Taking the neoclassical growth model as its starting point, the course examines the new growth theory, especially research and development models and models incorporating human capital. It also critically examines a range of recent empirical approaches to studying how growth performances vary across countries and the recent literature on fundamental determinants of different income levels across countries.

**Prerequisites:** ECON 375 and ECON 376.

**Class contact:** One two-hour lecture per week.

**Assessment:** 30% internal, 70% final exam (plussage applies).

**Textbook:** Reading list to be advised.

#### **ECON 429: Topics in Microeconomics (18 points, S1)**

As a well-trained microeconomist (see ECON 371) a student coming into this course will be familiar with the bread-and-butter of microeconomic analysis: supply and demand, general equilibrium, the theory of the competitive firm and so on. This course builds on this and considers the application of techniques from the microeconomics toolkit to a variety of applied topics. While the course varies from year to year and coverage will depend on contemporary issues, we are likely to consider topics such as the analysis of oligopoly, strategic interactions, the economics of uncertainty, asymmetric information, social choice and welfare economics.

**Prerequisite:** ECON 371.

**Class contact:** One two-hour lecture per week.

**Assessment:** 70% internal assessment, 30% final exam.

**Textbook:** Reading list to be advised.

**ECON 430: Advanced International Trade (18 points, S1)**

New Zealand has always been a relatively open economy but in recent years, as barriers to trade have been dismantled and as global trade has increased dramatically, the importance of understanding the microeconomics of international trade has also increased. This paper provides the underpinnings for understanding why countries trade and, particularly, how trade-related policies affect countries. Amongst other things we look at preferential trading areas, attempts to explain the politics of trade policy, the effects of international oligopoly on trade policy and a range of arguments, both recent and traditional, for activist trade and industrial policies.

**Prerequisite:** ECON 371.

**Class contact:** One two-hour lecture per week.

**Assessment:** 30% internal, 70% final exam.

**Textbook:** Feenstra, R. *Advanced International Trade*. Princeton: Princeton University Press, 2004.

**ECON 441: Special Topic: Quantitative Political Economy (18 points, S2)**

This course examines economic aspects of public policymaking and the interface between economics and political science in both industrialised and developing countries. Topics will include: monetary policy formation; international economic co-operation; the World Bank and International Monetary Fund; the economics of democracy; the economics of violent conflict.

**Prerequisites or co-requisites:** ECON 371, 375 and 376.

**Class contact:** One two-hour lecture per week.

**Assessment:** 30% internal, 70% final exam.

**Textbook:** Reading list to be advised.

**ECON 480: Dissertation (36 points, F)**

The dissertation is expected to be between 4,000 and 7,000 words.

**ECON 490: Dissertation (48 points, F)**

This 16-point dissertation is solely for the fourth year of the BA Honours PPE programme. Cross-disciplinary dissertation topics are encouraged.

## BCOM CORE PAPERS

### **BSNS 101: Accounting and Financial Information (18 points, SS, S1 and S2)**

An introduction to using accounting and financial information in business decision making, and the limits of such information.

**Restrictions:** ACCT 101, ACCT 112, ACCT 113, FINC 101, MANV 101, MANV 202.

**Class Contact:** 3 lectures and 1 tutorial per week.

**Assessment:** 50% internal, 50% final exam.

### **BSNS 102: Quantitative Analysis for Business (18 points, SS, S1 and S2)**

An introductory course in business statistics designed specifically for students majoring in Commerce. It covers descriptive and inferential statistics including applications to business research and practice and provides an introduction to statistical software.

**Restrictions:** QUAN 101, STAT 110, STAT 115.

**Class Contact:** 2 lectures and 1 tutorial per week.

**Assessment:** 50% internal, 50% final exam.

### **BSNS 103: Marketing and Consumption (18 points, SS, S1 and S2)**

This paper introduces the concepts of value creation through the interplay between consumer culture and marketing management, and the key elements of consumer behaviour.

**Restrictions:** MART 102.

**Class Contact:** 2 lectures and 1 tutorial per week.

**Assessment:** 50% internal, 50% final exam.

### **BSNS 104: Principles of Economics I (18 points, SS, S1 and S2)**

This paper introduces the analysis of predominantly market economies and how they work as a whole, both in New Zealand and international contexts.

**Restrictions:** ECON 101, ECON 111, MANV 101, MANV 201.

**Class Contact:** 3 lectures and 1 tutorial per week.

**Assessment:** 25% internal, 75% final exam (plussage applies).

**Text:** Frank, R. H. and B. S. Bernanke. *Principles of Economics* (3rd edition). Boston: McGraw Hill, 2006.

### **BSNS 105: Management and Organisations (18 points, SS, S1 and S2)**

This paper develops understanding of individual and group behaviour, communications, and the management of operations and human resources within organisations.

**Restrictions:** MANT 111, MANV 101.

**Class Contact:** 2 lectures and 1 tutorial per week.

**Assessment:** 50% internal, 50% final exam.

**BSNS 106: E-Business and Information Systems Development (18 points, S1 and S2)**

This paper provides an introduction to key concepts and skills required to develop high quality information systems and e-business applications including analysis and design, application development, distributed architectures, e-business technologies and database management.

**Restrictions:** COMP 102.

**Class Contact:** 2 lectures and 1 practical per week; tutorials to be advised.

**Assessment:** 50% internal, 50% final exam.

**BSNS 201: Business and Society (18 points, S2)**

An insight into the environment within which businesses operate, including an introduction to relevant international and ethical frameworks, and the New Zealand socio-political and legal context.

**Prerequisites:** 54 Commerce points.

**Restrictions:** MANV 101.

**Class Contact:** 2 lectures per week and one tutorial per fortnight.

**Assessment:** 50% internal, 50% final exam.

## FURTHER STUDY IN ECONOMICS

The Department offers a range of programmes to choose from for students wanting to enhance their undergraduate degree, study at a higher level or pursue a passion for research. It also contributes to other postgraduate programmes such as the Master of Business Administration (MBA) and the Master of International Studies (MIntSt).

### THE DIPLOMA FOR GRADUATES (DIPGRAD)

The DipGrad is ideal if you want to prepare for postgraduate work in a subject area different from that of your first degree (e.g., as a bridging qualification to a Postgraduate Diploma or a Master's degree), or if you simply want to add to your basic qualifications. It may be completed in one year of full-time study or part-time over several years: there is no time limit.

The DipGrad consists of a course of study personalised to meet your individual requirements as long as it constitutes a coherent, integrated academic programme overall. It must contain papers worth at least 120 points, of which at least 72 points are for papers at or above 300 level. It could include Economics papers in combination with other subjects and up to 60 points at 100- or 200-level from other Universities may be credited to the Diploma if they have not been counted for any other qualification. If it contains 54 ECON 300-level points, the DipGrad may be endorsed in Economics. The papers to be included in a DipGrad shall be decided in consultation with the Programme Director and the Departments concerned.

### THE POSTGRADUATE DIPLOMA IN ARTS OR COMMERCE

A Postgraduate Diploma provides an extension to the knowledge and skills gained in a Bachelor's degree. It offers a programme of course-work made up of Honours 300-level papers (those which begin a 37- prefix) and 400-level papers in Economics. One of the papers may be a dissertation, offering the opportunity to undertake independent supervised research. Inclusion of these Honours papers offers additional qualifications and skills that can add to career prospects. Entry to a Postgraduate Diploma requires:

- a) an ordinary Bachelor's degree in Economics (or related subject) with a B average across ECON 271, ECON 202, ECON 210, ECON 270, and four ECON 300-level papers;
- b) normally, a grade of at least B- in all of the required papers; and
- c) meeting the prerequisites for the Diploma papers.

The Diplomas can be taken full-time in one academic year, or on a part-time basis over a period of up to 3 years.

If you want a postgraduate qualification in Economics (but you are not intending to proceed to a higher research degree) you will find that our Diplomas are flexible. You can choose *any* 144 points from ECON 371, ECON 375, ECON 376, ECON 377 and ECON 400-level papers (including the dissertation, ECON 480).

## MASTERS' DEGREES

### Master of Business (MBus)

*(see page 31 for a comparison of the MBus and BCom(Hons))*

The entry requirements for the MBus are the same as for the Postgraduate Diploma (see above). The MBus consists of 216 points including 144 points of 400-level (or 37X) papers plus a 36-point Research Topic (ECON 590) and a 36-point Project Report (ECON 591), normally completed in a calendar year by the following March, with the Research Topic and Project Report being completed over the Summer. The model normally followed in the Economics Department is for the ECON590 Research Topic to take the form of an extensive and critical literature review of a particular research area, with the ECON591 Project Report being an applied or theoretical research project which builds on the 590 Research Topic. A grade average of B in the coursework is normally required before proceeding to the ECON 590 and 591 research component.

### Master of Commerce (MCom) and Master of Arts (MA)

The MCom and MA are research by thesis degrees. Students would normally be expected to complete the thesis within 12 months. Entry normally requires the equivalent of an Honours degree (with upper second-class Honours), or a Postgraduate Diploma with equivalent grades, in Economics (or a mixture of Economics, Finance, Mathematics and Statistics), and research experience equivalent to the ECON 480 dissertation. Candidates must also demonstrate that they have the background required to carry out the proposed research.

It is also possible to do a two-year Master's Degree where the first-year is made up of course work equivalent to the Postgraduate Diploma. Students considering this option are encouraged initially to enrol for the Postgraduate Diploma and then enrol for a Master's once they have completed the Postgraduate Diploma and earned the required grades. Note that for the Postgraduate Diploma to act as an entry point to the MCom or MA, it must include the ECON 480 dissertation.

## DOCTOR OF PHILOSOPHY (PHD)

The PhD is a research-only degree that requires completion of a thesis that makes a significant contribution to a particular field of knowledge, and demonstrates the ability to carry out original and independent research. The PhD should be completed over a minimum of three years.

Further information on postgraduate degrees is available on our webpage: [www.business.otago.ac.nz/econ](http://www.business.otago.ac.nz/econ). For information about Scholarships, please refer to page 58. For more information about Economics, see <http://whystudyeconomics.ac.uk/>.

## STAFF PROFILES

### Robert Alexander

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Robert has active research interests in a number of areas including labour market participation, the economics of ageing particularly in relation to the real estate market, the economics of marine reserves, regional differences in savings and growth in China and firm level efficiency estimation. He has also undertaken a range of consultancy projects for private companies, local government agencies and charitable trusts, and has appeared as an expert witness in local authority and Environment Court hearings. He has taught on a wide range of courses, including introductory macroeconomics and microeconomics, business economics (MBA), economics for planning (MRRP), natural resource and energy economics, labour economics and economic growth theory. Recently his teaching has been in macroeconomics at third and fourth year levels, but in 2008 will also include ECON377 Mathematical Economics.

### Richard Audas

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Rick's research interests are in the area of health and labour economics with a specific interest in labour supply issues among health care professionals. He is also interested in the field of Health Technology Assessment (HTA). Rick has previously held appointments at Memorial University of Newfoundland, University of New Brunswick, University of Newcastle-upon-Tyne and University of Wales, Bangor.

### Phyll Esplin

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Phyll's teaching includes microeconomics and macroeconomics and the World Economy. She has taught in varied institutions to students of all ages. She has a long standing interest in Health Economics.

**David Fielding**

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David's research interests are mainly in the macroeconomics of developing countries and the economics of violent conflict. Current research topics include the economic dimensions of the Israeli-Palestinian conflict and monetary unions in Sub-Saharan Africa. He has previously taught at the Universities of Oxford, Nottingham and Leicester (UK) and Princeton University (US).

**William Redvers Garside**

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Trained in economics, Rick Garside is an economic historian with a particular interest in the 20th century managed economy. His previous research and publications centred upon British economic policy with special reference to industrial growth and decline, unemployment and the labour market, the Keynesian revolution, government macroeconomic policy and national competitiveness. He is currently engaged in a study of the state and the market in Japan since 1945. A Fellow of the Royal Historical Society, he was Professor of Economic History at the University of Birmingham from 1991, joining Otago in 2002. He has held Visiting Professorships at the Institute of Economic Research, Hitotsubashi University and at Keio and Gakushuin Universities, Tokyo.

**Murat Genç**

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Murat's current research focuses on the estimation of sample selectivity models with an application to the labour market in New Zealand. He has been involved with the teaching of microeconomic theory, econometrics and mathematical economics.

**Chris Haig**

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Chris administers the Department on a day-to-day basis and assists the Head of Department in all aspects of Departmental administration.

**Paul Hansen**

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Lately, most of Paul's research efforts have been concerned with health care priority setting and decision making in general, including Multiple Criteria Decision Analysis (MCDA) and Conjoint Analysis. He currently teaches half of *Principles of Economics 1* and intermediate microeconomics, as well as a bit of social choice theory.

**Alfred Haug**

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Alfred's research interests are mainly in applying econometric time series techniques to macroeconomics. Current research topics include the empirical modeling of shocks to macroeconomic variables, the empirical role of monetary aggregates and of money demand, and the small sample properties of tests for linear versus nonlinear cointegration. His teaching interests are in monetary economics and econometrics. Before joining the Department of Economics, he taught at York University in Toronto. He also taught previously at the University of Canterbury, the University of Saskatchewan, as a graduate student at Ohio State University, and as a visitor at the National University of Singapore, Simon Fraser University, Bocconi University, and the University of Konstanz.

**Mohammad Jaforullah**

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Mohammad's current research interest focuses on efficiency and productivity analysis for firms, decision making units and industries using DEA and stochastic production frontier models. He is also interested in the analysis of energy policies using CGE models, estimation of supply responses of agricultural crops and calculation of regional I-O multipliers. He has been involved with the teaching of environmental economics, natural resource economics and mathematical economics.

**Alan King**

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Alan's research in recent years has related to the time series modelling of aggregate trade flows, balance-of-payments constrained growth and exchange rates (specifically, exchange rate pass through, the Balassa-Samuelson hypothesis and uncovered interest parity). His teaching is mainly centred on international economics, in particular, open economy macroeconomics.

**Stephen Knowles**

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Stephen's research interests are primarily in the area of empirical modelling of economic growth, including the effects of gender inequalities in education and health on economic growth, the relationship between social capital and institutions and economic performance, the effects of government intervention on economic performance and the relationship between income inequality and economic growth. Stephen has also done work on the costs to small businesses of complying with government regulations. Stephen's teaching interests include the economics of developing countries and introductory micro and macroeconomics.

**Stuart McDougall**

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Stuart's teaching includes introductory micro and macroeconomics, intermediate macroeconomics, and the economics of health and education. Past teaching has included New Zealand economic history, labour economics, natural resource economics and he has a particular interest in energy economics and macroeconomic policy.

**Dorian Owen**

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Dorian's research interests are mainly in the areas of empirical modelling of economic growth and development, and sports economics. Current interests include the fundamental determinants of economic development, the effects of social capital and social divergence on economic performance, and competitive balance and sports attendance. He has previously taught at the University of Reading (UK) and the University of Canterbury and his teaching at Otago has included econometrics, monetary economics and macroeconomics.

**Arlene Ozanne**

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Niven's research relates to international trade and computable general equilibrium modelling. Recent research focuses on the cause(s) of rising wage inequality in the United Kingdom and New Zealand, and evaluating how various free trade agreements and global trade reforms will affect New Zealand.

## THE LAST WORD ON ECONOMICS AND ECONOMISTS...

Robert Solow (MIT), who was awarded the Nobel Prize for his work on economic growth in 1987, recently wrote: “Maybe the main function of economics in general is not, as we usually think, the systematic building of theories and models, or their empirical estimation. Maybe we are intellectual sanitation workers. The world is full of nonsense, ... All those theories and models we invent and teach are just nature’s way of making people who know nonsense when they see it.”





