Course Outline
2017
ECON 191: BUSINESS ECONOMICS (15 POINTS)

Semester TWO (1175)

Course Prescription
Introduction to economic analysis, with an emphasis on firms and their operating environment. Pricing and output decisions and cost and profit determination in competitive, imperfectly competitive, and monopolistic markets. Macroeconomic factors and policies affecting business activity in a small open economy.

Programme and Course Advice
Restriction: ECON 101 Microeconomics and ECON 111 Macroeconomics.

Students who wish to continue in Economics are strongly encouraged to take ECON 101 rather than ECON 191.

Students who wish to take ECON 111 after completing ECON 191 require a concession. Please contact the Business Student Centre for advice on this: email: comenquiry@auckland.ac.nz, Phone: (+64 9) 923 7186, Freephone: 0800 61 62 63 (New Zealand only), Fax: +64 9 373 7019.

It is possible for students to transfer between the BBIM (Bachelor of Business and Information Management), Bachelor of Property (BProp) and BCom (Bachelor of Commerce) degrees. Students are advised to discuss their options and seek advice early in their programme.

Students who have completed the New Zealand Diploma in Business with an overall B grade average may be eligible for credit. Credit will be given for ECON 191 to students who have gained a B grade or better in NZDipBus 120 and NZDipBus 220 courses. (Some restrictions apply, please refer to the Business Student Centre for details.)

Goals of the Course
Economics is not a collection of facts to be written down and memorised. Economics is a way of thinking about the world – and the world is always changing. Economists have developed a set of simple but widely applicable concepts and principles that are useful for understanding economic situations ranging from decisions that individuals make every day to decisions made by firms and governments in complex markets. The objective of this course is to help students learn and understand these concepts and principles and to apply them to a variety of economic situations.
Learning Outcomes
By the end of this course it is expected that the student will be able to:
1. understand and apply supply and demand analysis to relevant economic issues;
2. apply marginal analysis to the “firm” under different market conditions;
3. understand the causes and consequences of different market structures;
4. apply economic models to examine current economic issues and evaluate policy options for addressing these issues;
5. analyse the causes and effects of changes in real GDP;
6. understand the concept of macroeconomic equilibrium and implications for the management of the business cycle;
7. identify and explain changes in the money supply and analyse the effects of monetary policy changes on the New Zealand economy; and
8. analyse the importance of international trade to the New Zealand economy and evaluate the effects of government policy measures on the exchange rate and trade.

Content Outline
Microeconomics (8 weeks)
Microeconomics deals with the economic behaviour of consumers and firms within an economy. The framework developed is used to examine and evaluate the operation of the market mechanism for various market structures and to evaluate the impact of intervention through public policy on economic efficiency and income distribution.

Week 1: Introduction and preliminary concepts
Week 2: Demand, Supply and Market Equilibrium
Week 3: Elasticity and applications
Week 4: Applications of the Demand and Supply Model
Week 5: The Choice Problem; Production and Costs
Week 6: Perfectly Competitive Markets
Week 7: Imperfectly Competitive Markets; Monopoly and Monopolistic Competition
Week 8: Oligopoly and Game Theory

Macroeconomics (4 weeks)
Macroeconomics examines how economies function in aggregate. In this course we look at the basic relationships that underlie economists’ understanding of what drives macroeconomic variables, and how government policy may impact on these in the New Zealand context.

Week 9: GDP, Income and Growth
Week 10: Money, Finance and the concepts of Open Economy Macroeconomics
Week 11: Aggregate Demand and Supply
Week 12: Fiscal Policy; Unemployment

Learning and Teaching
This course will be taught in both the first and second semesters. There will be 3 hours of lectures each week plus one tutorial hour from Week 2 onwards. Attendance at tutorials is voluntary, but strongly recommended. You may choose to attend any of the available times. Attendance at a particular tutorial may be limited if there is overcrowding.
Teaching Staff for Semester 2, 2017
Mr Mike Anstis
Office: OGGB 661
Tel: 923 5668
Email: m.anstis@auckland.ac.nz

Learning Resources
*Prescribed Text:*
Mankiw, N.G., Bandyopadhyay, D., Wooding, P., Gans, J., King, S., Stonecash, R.,
(Compiled by T. Hazledine, M. Anstis, G. Jayasuriya), *ECON191 Business Economics*,

All lecture slides will be made available electronically through CANVAS. A hard copy
Coursebook containing these lecture slides will be available from the Business and
Economics Student Centre Bookshop, Level 0, Owen G. Glenn Building.

Assessment
Final Examination: 70%
Coursework: 30% (Mid-semester Test)

Plussage applies: The Final Grade will be the better of
*EITHER:* (i) Coursework/30 + Exam mark/70
*OR:* (ii) Exam mark 100%

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<th>Mid Semester test Date</th>
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<td>Semester 2</td>
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<td>Tuesday, 26th September 2017</td>
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More details will be provided at lectures and on CANVAS.

There is no requirement to qualify for plussage, i.e., you do not have to pass the test to
be eligible for plussage. However, should you fail or not sit the Test and then for some
reason miss or perform badly in the Final Examination you will not pass the course.

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