



## **Course Outline 2017**

### **BUSADMIN 767: ECONOMICS (15 POINTS)**

#### **Quarter 4 (1178)**

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#### **Course Prescription**

Examines consumers, firms, markets, business cycles, behaviours, and policy formation from both micro- and macroeconomics perspectives in a managerial context.

#### **Programme and Course Advice**

*Prerequisite: BUSADMIN 763*

*Restriction: BUSADMIN 777*

#### **Goals of the Course**

First, the course aims to provide a basic framework to help understand how contemporary economics explains dramatic events in the national and international economy. An important part of this explanation focuses on the role of confidence, expectations and crowd psychology. These factors result in aggregate behaviour (e.g., demand in the whole New Zealand economy) behaving in a different manner than would be suggested by simply studying individual behaviour. Without some form of coordination, individual behaviour can lead to inferior outcomes. This helps justify the need for good institutions and public policy to raise welfare in nations.

Second, the course discusses how the right kinds of public policies and institutions can be developed which focus the uncoordinated actions of individual households on good, rather than bad, overall outcomes. In some countries, legal, political, economic and social institutions are able to coordinate private actions on stable and productive paths. Where institutional development is weak - as seems to be the case in much of the developing world - private actions are poorly coordinated and the result is more macroeconomic volatility and slower growth. Understanding what constitute good policies and institutions and how they can be designed to influence economic and business behaviour in desirable directions is crucial.

Finally, the course is intended to develop a simple framework that can be used to evaluate how globalization is likely to change the performance of specific markets and thus assess the associated risks, opportunities and implications for public policy.

#### **Learning Outcomes**

By the end of this course it is expected that you will:

1. appreciate how business, government and the global economy interact;
2. make more informed managerial decisions by having a better understanding of the genesis of booms and busts, crises caused by internal or external shocks, and social and labour unrest; and
3. have a more coherent framework for analysing how economic policy is set by the public sector to influence macroeconomic phenomena. This framework should enable you to enjoy a competitive advantage as a manager or business owner.

## Content Outline

1. Analytical Framework
  - Introduction
  - The Importance of Institutions and Causes of Long Run Performance
  - The Causes of 'Short Run' Business Cycles
2. Creating Macroeconomic Policy and Institutions
  - The Central Bank and inflation
  - Markets versus Intervention
  - Comparative Economic Systems
3. Globalisation and Financial Crises
  - Financial Crises and the Subprime Meltdown in 2008
4. Revision and Lecture

## Learning and Teaching

Several of the initial classes are based around building an analytic framework to help understand how business, government and the global economy interact. Country level case studies from around the world form the basis of most of our evidence, although some statistical results are also discussed.

## Teaching Staff

Professor Robert MacCulloch  
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## Learning Resources

### *Textbook*

The textbook, Macroeconomics, by Greg Mankiw, Latest Edition, Worth Publishers, is used. We will not work through the book in detail during class time. Instead it is intended as a background reference.

### *Recommended Background reading*

Robert Allen (2011), *Global Economic History: A Very Short Introduction*, Oxford University Press.

## Assessment

Assessment is based on one written assignment, in-class participation and a test. For the assignment please answer 5 questions from the course handbook. (The questions are listed in the back of the handbook and also on CANVAS).

Assignment	25 % Due in week 7
In-class participation	5 %
Final Test	<u>70</u> % Due in week 11 (23th
November 2017)	
Total	100 %

The broad relationship between these assessments and the course learning outcomes is as follows:

<b>Learning Outcome</b>	<b>Assignment</b>	<b>In-Class Participation</b>	<b>Test</b>
1	X	X	X
2	X	X	X
3	X	X	X

### **Inclusive Learning**

Students are encouraged to discuss privately any issues or impairment-related requirements face-to-face and/or in written form with the Lecturer.

### **Student Feedback**

Student feedback will be sought throughout the course – informally, via evaluation, and student representatives. I also welcome questions you may have after any session. Where appropriate I will answer these for the whole class in a subsequent session, and the best ones will be recognized as a contribution to the class discussion.

### **Cheating and Plagiarism**

The University of Auckland regards cheating as a serious academic offence. Plagiarism is a form of cheating. In coursework assignments submitted for marking, plagiarism can occur if you use the work and ideas of others without explicit acknowledgment. Work can be plagiarised from many sources, including books, journal articles, the internet, and other students' assignments.

A student's assessed work may be reviewed against electronic source material using computerised detection mechanisms. Upon reasonable request, students may be required to provide an electronic version of their work for computerised review.

The way of avoiding plagiarism is to reference your work properly. If you are in doubt about how to reference properly, ask someone – your lecturers, tutors and the Student Learning Centre are good places to start. Please refer to the following website for further information about academic referencing: [www.cite.auckland.ac.nz/](http://www.cite.auckland.ac.nz/)

The document *Guidelines: Conduct of Coursework* provides further advice on how to avoid plagiarism. It can be found at: [www.business.auckland.ac.nz/conductcoursework](http://www.business.auckland.ac.nz/conductcoursework)

The penalties for plagiarism can be severe, including losing some or all of the marks for the assignment. Major offences can be sent to the University's Discipline Committee, where further penalties can be imposed.

### **In the Event of an Unexpected Disruption**

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