

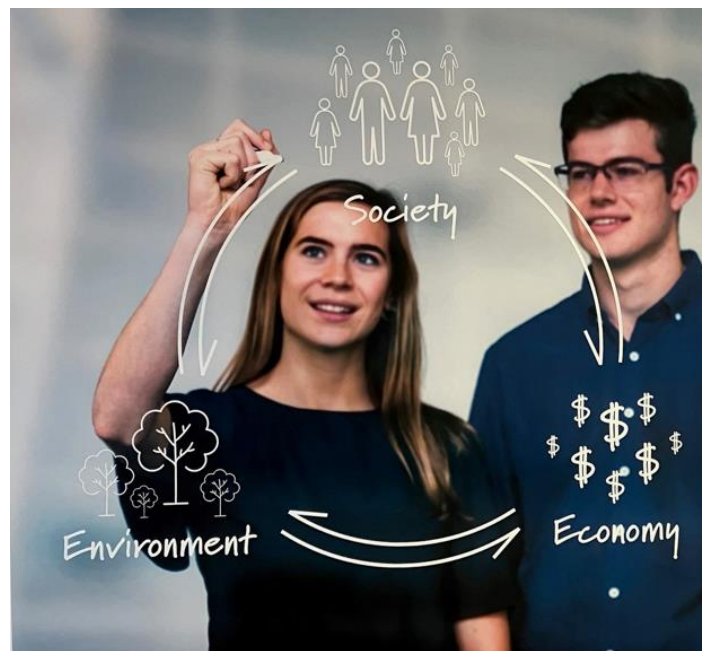


University
of Otago
ŌTĀKOU WHAKAIHU WAKA

BSNS113 – Economic Principles and Policy

Course Outline | Whakamārama Akoraka

Semester Two 2024



Department of Economics
Te Mātauranga Ohaoha
Level 6

Otago Business School – Te Kura Pakihi

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Nau Mai Haere Mai

Welcome | Afio Mai | Aere Mai | Mālō e me'a mai | Fakatalofa atu | Bula | Fakalofa lahi atu | Ulu tonu mai

Course Description and Aims | *Whāinga o te Akoranga*

What we teach

Have you ever stopped to wonder at how easy it is, given you have the cash (or credit), to go out and buy almost anything you want? How is it that such a wide range of goods and services are produced in roughly the right amounts often at surprisingly low cost, and then distributed to the people who want them? This paper builds an understanding of how, and how well, our market-oriented economy gets this done. We use a variety of simple yet revealing graphical models to study the mechanics of markets and the market system, and to evaluate the outcomes. We identify factors that can inhibit markets functioning, and evaluate public policies used to counter-act these inhibitors, both in individual markets and in the macro economy. In particular, we study issues around international trade, business strategy, competition policy, the environment, taxation, and cycles in exchange, interest, unemployment, inflation and growth rates.

There are no pre-requisites beyond those for University Entrance (basic literacy and numeracy). BSNS113 does not assume prior knowledge of Economics.

Learning Outcomes | *Hua Akoranga*

What you Learn

This course gives you an introductory understanding of how our mixed market economy operates, and how to apply that understanding to help you make better business and personal decisions.

Specific learning outcomes include using economic models and reasoning to:

- improve personal and business decision making
- explain why there are gains from inter-personal, inter-regional and international trade
- explain and evaluate how a well-functioning market system allocates scarce resources
 - predict how consumers and businesses respond to changes in market conditions

- evaluate the effects of constraints imposed on market prices or quantities, e.g. price controls, import quota, and excise taxes and import tariffs
- identify and describe conditions that can lead to “market failure” and analyse government policies that respond to
 - environmental degradation, i.e. externalities/tragedy of the commons
 - departures from rational behaviour (behavioural economics)
 - anti-competitive behaviour
- discuss the influence of the market and public policy on the distribution of income
- describe and interpret key measures of macroeconomic performance discussed in business publications
- describe the business cycle and explain countercyclical monetary and fiscal policy (including what causes inflation and unemployment)

Teaching Team | *Kaiako*

Paper Coordinator and Lecturer

Name: Stephen Knowles
 Office: OBS 619
 Email: stephen.knowles@otago.ac.nz
 Office Hours: Tuesday 1-2; Thursday 11-12; Friday 11-12

(Note, Stephen’s office hours may change after the first seven weeks of the semester.)

Lecturer

Name: Terry Kerr
 Office: OBS 604
 Email: terrence.kerr@otago.ac.nz
 Office Hours: TBA

If you wish to change tutorial streams, please email Terry Kerr (terrence.kerr@otago.ac.nz). **All other administrative queries should also go to Terry unless stated otherwise in this course outline.** For enquiries about course content (that is, what is covered in class) please contact the lecturer concerned (Stephen for his material and Terry for his material).

When emailing us, please make sure the subject line includes BSNS113, your student ID and your first and last name.

Course Information | *Mōhiohio akoranga*

How we teach

Lectures

Lecture Day/Time: Tuesday 3:00-3:50, Thursday 1:00-1:50, Friday 3:00-3:50

See Evision for lecture venues.

Lectures introduce key economic concepts and models, demonstrate how they work in theory and how they shed light on real-world, including New Zealand specific, situations. Readings from the textbook and other sources posted on Blackboard complement lectures and each other to build understanding of the material.

What to do if I can't attend lectures: Lecture slides will be placed on Blackboard and lectures will be recorded. Additionally, lectures will be recorded and made available via Blackboard. Lecture recordings are made available to assist with revision, and to help people catch up who miss a class through illness. The recordings should not be considered a substitute for attending lectures in person unless you are unwell.

Tutorials

See Evision for your tutorial time and venue. **If you wish to change tutorial streams, please email Terry Kerr (terrence.kerr@otago.ac.nz).**

Tutorials are interactive, collaborative sessions in which students work in smaller groups with their peers in a supportive environment to cement concepts presented at lectures. More specifically, tutorials provide the opportunity to work on a series of tasks designed to apply the concepts that have been introduced in lectures and the readings, and to stimulate your interest in the course as it applies to “everyday” issues. The key feature of tutorials, as opposed to lectures and individual study, is participation with all members of the tutorial group. **Make sure you download and attempt the questions on the tutorial worksheet before your tutorial.**

Tutorials begin in the **second** week of the semester. You will be allocated to a tutorial stream and this will be available in EVison. Tutorial times and locations will be posted on Blackboard during the first week of lectures.

Model answers to tutorial questions will **NOT** be provided under any circumstances, nor will tutorials be recorded.

What to do if I can't attend my tutorial:

If you're unable to attend your scheduled tutorial due to illness, don't worry! You have the option to join any other tutorial during the week to stay on track with the course content. Please keep in mind that the tutorial class size is limited by the room capacity. In case you find yourself unable to attend any alternative tutorial, we encourage you to, once you are well, have a go at the questions and pop in to the lecturer's office hours to discuss your answers.

Learning Resources | *Rauemi Ako*

Textbook

GANS, KING, STONECASH, BYFORD, LIBICH AND MANKIW, 2018. *Principles of Economics: Asia Pacific Edition*, 7th edition. Melbourne: Cengage Learning.

You can access the material in the textbook in a variety of ways:

- Buy a new paperback copy from the University Bookshop for \$174.50.
- Buy an electronic copy of the textbook for \$89.95 from the publisher's website: <https://nz.cengage.com/c/etextbook-principles-of-economics-9e-gans-king-byford-mankiw/9780170479875/> (Note this link is for the 9th edition of the ebook; you can no longer buy an ebook for the 7th edition. If you enter the code WOW10 when buying the ebook, you may get a discount.)
- Buy a second-hand copy of the 5th, 6th or 7th ed. on the second-hand market.
- Borrow one of six copies on two-hour reserve in the Central Library.

eReserve

A small number of readings will be made available through EReserve, which is on Blackboard.

Blackboard

Blackboard <https://blackboard.otago.ac.nz/> provides you with access to course materials, class notices, and resources. Blackboard is used to email the whole class so it is important that you check your student email and Blackboard regularly.

Course Calendar | *Maramataka*

Note: the topics in the table below are neatly organised into weeks, but some topics may take less than a week and others more; the table essentially shows the order in which topics will be covered. Lectures for Weeks 1-7 will be taken by Stephen Knowles and Weeks 8-13 will be taken by Terry Kerr.

Week Number	Week Commencing	Topic	Reading
1	Monday 15 July	<i>Intro to the course</i> Subject matter and methods of economic reasoning A simple but potent economic model: production possibilities	Ch. 1, 2 text
2	Monday 22 July	Gains from specialisation and trade	Ch. 3 text
3	Monday 29 July	<i>The supply demand model</i> Market supply and demand curves The 'equilibrium' market price Why market prices change	Ch. 4 text
4	Monday 5 August	The importance and measurement of consumers' and producers' responsiveness to price changes (i.e. elasticity) Application: market effects of price controls (e.g. min wage, max rent)	Ch. 5 text Ch. 6 text
5	Monday 12 August	<i>Evaluating constraints on prices and sales</i> Market and welfare analysis of: taxes and subsidies import tariffs and quota	Ch. 7 & 8 text Ch. 9 text
6	Monday 19 August	<i>When markets don't work well</i> Environmental externalities Public goods/commons tragedy	Ch. 10 text Ch. 11 text

7	Monday 26 August	<i>Behavioural economics</i> 'Irrational' behaviour <i>Fairness and income inequality</i>	Ch. 23 (part) Ch. 21 text
Mid-Semester Break			
8	Monday 9 September	<i>The firm in a competitive market</i> How a business that produces a commodity should react to changes in market conditions	Ch. 13, 14 text
9	Monday 16 September	Monopoly Monopolistic competition	Ch. 15 text Ch. 16 text
10	Monday 23 September	Oligopoly strategy Competition policy	Ch. 17 text Ch. 18 text
11	Monday 30 September	Cycles in Gross domestic product (GDP) & Unemployment Fiscal Policy	Readings supplied via Blackboard
12	Monday 7 October	Cost of living Monetary Policy Exchange rates	Readings supplied via Blackboard
13	Monday 14 October	Catch-up and/or Revision	

Assessments | *Aromatawai*

All material presented is examinable (except where stated otherwise) by weekly quizzes, the mid-semester test and the final examination. All due dates for assessments are listed below, along with other important information about assessments. *Students are responsible for ensuring that they are aware of this information, keeping track of their own progress, and catching up on any missed classes.*

Your learning will be assessed in three ways:

Assessment	Weight	Plussage
Weekly quizzes	10%	No
Mid-semester test	30%	Yes
Final examination	60%	Not applicable

Weekly quizzes. Every Monday at 9:00 o'clock in the morning, starting Monday 22 July, we will post a quiz on Blackboard. Each quiz will consist of 12 multiple choice questions similar to what you can expect to see on the mid-semester test and final exam. The quiz will be available to work on for one week only (that is, you need to complete it prior to 9am the Monday after it is first posted), when the next quiz will appear. (Quiz 6 will become available on August 26 but will not be due until September 9, due to the mid-semester break.)

You submit your answers to the quiz on Blackboard, which marks your quiz automatically and posts your result to Grade Centre. You are welcome, in fact encouraged, to work with other people on the quiz, but **you must submit your answers individually** before the next quiz appears at 9:00 am on the following Monday. There will be a total of 11 weekly quizzes.

Each of your **ten best** quizzes will count up to 1 mark (1%) toward your final course mark. So, you can miss one quiz without any loss. We will also count up to 10 correct answers out of a possible 12, so you can get two questions incorrect and still receive the full mark for the quiz. If you get fewer than 10 answers correct on any given quiz, you will receive the relevant percent of a mark for the quiz, e.g. if you get six correct you get a mark of 0.6 for the quiz.

Late or Missed Quizzes

Extensions will NOT be given for the weekly quiz (one of the reasons for this is that the answers become available once the deadline passes). You have a full week to complete the quiz, and the quiz can be completed from anywhere there is internet access. The quiz is marked automatically at the due date and time.

One of the reasons we count only the best 10 quiz marks is in recognition that you may have a good reason for missing the deadline for one quiz during the course. If you think you have a good reason (see the bullet list on page 10 with respect to missing the mid-semester test) for missing the deadline for more than one quiz, **please contact the course coordinator (Stephen).**

Mid-semester test. The test will be held on **Monday 16 September at 7pm**. The test covers all the material from the first seven weeks of lectures and the first seven tutorials. It will consist of 30 **multiple-choice questions** which you will have **60 minutes** to answer.

If the test clashes with another university test held the same evening we will make alternative arrangements for you to sit the test at another time (most likely at another time the same evening). **If you have a clash with another university test, please contact the course coordinator (Stephen) at least two weeks prior to the test.**

If you miss the test due to:

1. Serious illness or injury.
2. Testing positive for Covid-19, on the day or in the 7 days before the test.
3. Bereavement of a significant other.
4. Serious psychological impairment.
5. Critical personal circumstances involving the health or wellbeing of a relative or close friends.
6. Other exceptional circumstances beyond your control (e.g. natural disaster, damage to significant property, impacts arising from being the victim of a crime, etc.).

If any of these apply please contact the course coordinator (Stephen). You will be offered the option of sitting an alternative test at a time to be determined but likely in the week beginning 23 September. If you're unable to sit the alternate test, either due to continuing impairment or the time does not suit, plussage will automatically apply.

If you have other reasons for missing the test, e.g., a sports practice or match, plussage automatically applies – it's your choice if you sit or skip the test.

Final exam. The final exam covers material from any part of the course, and consists of 60 **multiple-choice questions**. The final exam is of **two hours** duration. The date and time of the exam will appear in your exam timetable in Evision later in the semester.

Past exams for BSNS113 are not available on either *Blackboard* or the Library's exam webpage. However, you get to see 12 multi-choice questions every week that are similar to the questions on the mid-semester test and final exam. There are additional multi-choice questions at the end of every chapter in the textbook.

Anyone who has enrolled in the paper can sit the final exam. That is, there is no "terms requirement" for BSNS113.

We recommend that you attend all lectures and tutorials and study for and sit the mid-semester test, i.e. **make full use of the resources available to you.**

Plussage means that your mid-semester test mark will count towards your final mark **only if** it exceeds (in percentage terms) your final exam mark. We calculate your final mark in two ways:

weekly quizzes (10%) + mid-semester test (30%) + final exam (60%)

weekly quizzes (10%) + final exam (90%)

Your final mark is the higher of the two. So, if your mid-semester test mark in percentage terms is lower than your final exam mark (*or if you were absent from the mid-semester test*) then your final exam mark contributes 90% to your final mark.

The aim of plussage is to enable students who perform poorly on an internal assessment to demonstrate improvement on the final exam. Your grade thereby better reflects what you know at the end of the paper.

The risk with plussage is that it can tempt you to skip the mid-semester test or not prepare for it seriously. We advise that you resist this temptation because:

- Studying for the test helps prepare you for the final exam and the material in the second half of the semester.
- The test provides feedback on how well you are coping with the course material.
- It is likely that studying for and sitting the mid-semester test will improve your final mark because many people do better on the test than on the final exam (in percentage terms).
- Your performance on the mid-semester test factors in to determine your eligibility for 'Special Consideration' should you be ill or otherwise impaired during the final exam.

Your scores on quizzes and the mid-semester test will be posted on Blackboard's Grade Centre. Make sure that you check occasionally to verify that internal assessments are getting recorded properly.

Aligning Learning Outcomes with Assessments

Learning Outcome	Weekly quizzes	Mid-semester test	Exam	Total
Apply economic reasoning to personal and business decisions.	✓	✓	✓	
Explain why there are gains from inter-personal, inter-regional and international trade	✓	✓	✓	
Explain and evaluate how a well-functioning market system allocates scarce resources				
predict how consumers and businesses respond to changes in market conditions	✓	✓	✓	
evaluate the effects of constraints imposed on market prices or quantities, e.g. price controls, import quota, and excise taxes and import tariffs	✓	✓	✓	
Identify and describe conditions that can lead to “market failure” and analyse government policies that respond to market failure				
environmental degradation i.e. externalities/tragedy of the commons	✓	✓	✓	
departures from rational behaviour (behavioural economics)	✓	✓	✓	
anti-competitive behaviour	✓		✓	
Discuss the influence of the market and public policy on the distribution of income	✓	✓	✓	
Describe and interpret key measures of macroeconomic performance discussed in business publications	✓		✓	
Describe the business cycle and explain countercyclical monetary and fiscal policy (including what causes inflation and unemployment).	✓		✓	
Total	10%	30%	60%	100%

Grading System

The grading scheme used at Otago is:

A+	90-100	C+	60-64
A	85-89	C	55-59
A-	80-84	C-	50-54
B+	75-79	D	40-49
B	70-74	E	<40
B-	65-69		

Student Webmail

IMPORTANT - DO THIS NOW

Log in to your StudentMail

Click the cog icon in the top right-hand corner and select Options

Select Mail > Accounts > Forwarding

Select Start Forwarding and add your personal email address to the list

To ensure that you receive messages from your student email, add "otago.ac.nz" to the safe sender list in your personal email account

Expectations and Workload | *Te Nui o te Mahi*

This course conforms to the 18-point course format comprising approximately 180 hours spent in class, private study, preparing assignments, and other activities.

Academic Integrity | *Pono-ā-wānanga*

Academic integrity means being honest in your studying and assessments. It is the basis for ethical decision-making and behaviour in an academic context. Academic integrity is informed by the values of honesty, trust, responsibility, fairness, respect and courage. Students are expected to be aware of, and act in accordance with, the University's Academic Integrity Policy.

Academic Misconduct, such as plagiarism or cheating, is a breach of Academic Integrity and is taken very seriously by the University. Types of misconduct include plagiarism, copying, unauthorised collaboration, submitting work written by someone else (including from a file sharing website, text generation software, or purchased work) taking unauthorised material into a test or exam, impersonation, and assisting someone else's misconduct. A more

extensive list of the types of academic misconduct and associated processes and penalties is available in the University's Student Academic Misconduct Procedures.

It is your responsibility to be aware of and use acceptable academic practices when completing your assessments. To access the information in the Academic Integrity Policy and learn more, please visit the University's Academic Integrity website at www.otago.ac.nz/study/academicintegrity, or ask at the Student Learning Centre (HEDC) or the Library, or seek advice from your paper co-ordinator.

For further information:

Academic Integrity Policy

<http://www.otago.ac.nz/administration/policies/otago116838.html>

Student Academic Misconduct Procedures

<http://www.otago.ac.nz/administration/policies/otago116850.html>

Class Representatives | *Māngai mō te Akoranga*

The class (or student) representative system is an avenue for encouraging communication and consultation between staff and students. It provides you with a vehicle for communicating your views on the teaching and delivery of the course and provides staff with an opportunity to communicate information and gain constructive feedback from students. It contributes to developing a sense of community within a department and adds a further dimension to the range of support services offered to students.

Volunteers for class representatives will be called early in the semester. The OUSA invites all class representatives to a training session conducted by OUSA about what it means to be a class representative, and some of the possible procedures for dealing with issues that arise. They also provide information on the services that OUSA offers and the role OUSA can play in solving problems that may occur. The OUSA provides support to class representatives during the semester. Department staff will also meet with class representatives during the semester to discuss general issues or matters they wish to have considered.

Your class representative's name and contact details will be posted on Blackboard early in the semester.

Student Learning Support and Information

Student Charter | *Te Kawenata Tauira*

The University is committed to scholarship through excellence in teaching, research and service and to the provision of a stimulating campus environment for the development of lifelong learning skills.

The purpose of this Charter is to advance those aims, to acknowledge the University's commitment to the Treaty of Waitangi, and to promote good relations between the staff and administration of the University and its undergraduate and postgraduate students.

<https://www.otago.ac.nz/about/otago005275.html>

Guidelines for Learning at Otago

<https://www.otago.ac.nz/hedc/index.html>

Student Learning Development | Hāpai Tauira

The Student Learning Centre, which is part of the Higher Education Development Centre, provides learning support, free of charge, to ALL enrolled students. Their services include:

- a workshop programme designed to help students to improve their learning strategies and their generic skills;
- individual assistance with learning issues;
- on-line study skills advice;
- a student leadership programme;
- a student-led peer support programme for students of all ages and backgrounds, and,
- conversational English groups for students from a non-English speaking background.

The Centre also provides two very helpful study guides, “Guidelines for Writing and Editing” and “Writing University Assignments” and these are available on the SLD website.

<https://www.otago.ac.nz/hedc/students>

Library Support

The Library website <https://www.otago.ac.nz/library> provides access to resources and services, including group room bookings, library hours and locations, past exam papers, subject guides, article databases and more.

If you need assistance either check out the self-help guides <https://otago.libguides.com/selfhelp>, or ask Library staff at the ground floor service desks, or email ask.library@otago.ac.nz

Pacific Islands' Student Academic Adviser

Warm Pacific Greetings

Talofa lava, my name is Esmay Eteuati and my role is to liaise with Academic Departments and Student Services relating to Pacific students' and their course of study. I support both staff and third year and above students in the Business School and have a network of Pacific contacts in other Divisions around the University.



Email: esmay.eteuati@otago.ac.nz

Tel: 03 479 4756

Pacific Student Support Facilitators | Taunaki Taurira Pāsifika

Malo e lelei

Falaviena Faiva works part-time in the Dean's Office at the Otago Business School, Division of Commerce. Falaviena is of Tongan descent and is one of our two Pacific Student Support Facilitators. She is responsible for all first-year Pacific students within the division.



Falaviena is a University of Otago, Humanities and Commerce graduate and is currently completing a Postgraduate Commerce degree in International Business.

Email: yiena.faiva@otago.ac.nz

Cell Phone: 021 279 0914

Bula Vinaka

Jekope Ramala Maiono also works part time in the Dean's Office at the Otago Business School, Division of Commerce.



Maiono is of Fijian descent and our second Pacific Student Support Facilitator. He is responsible for all second year Pacific students in the division.

Maiono is a University of Otago Commerce graduate, also studying a PHD degree in the Division of Humanities.

Email: jekope.maiono@otago.ac.nz

Cell Phone: 021 279 0871

Māori Student Support | Kaiāwhina Māori

Ben Sommerville

Ben is the Kaiāwhina Māori (Māori student support) for Te Kura Pākihi | Otago Business School. He will answer any questions you may have about studying here at the University of Otago. He can provide information about scholarships, campus services, pastoral and financial care. Ben is also here to support those students who are studying away from their whānau, hapū and iwi, to ensure they feel safe and supported. He has a passion for the development of Rangatahi and understands the struggles that can come with academic life.



Email: ben.sommerville@otago.ac.nz

Disclaimer | Kupu Whakatonu

While every effort is made to ensure that the information contained in this document is accurate, it is subject to change. Changes will be notified in class and via Blackboard. Students are encouraged to check Blackboard regularly. It is the student's responsibility to be informed.