

Economics

Ordinary degree first year

Introductory Microeconomics and Introductory Macroeconomics are compulsory for all commerce students. They may also be taken by students from other faculties, and they are prerequisites for second-year economics subjects. Introductory Microeconomics must be taken prior to Introductory Macroeconomics.

316-101 Introductory Macroeconomics

Credit points: 12.5

HECS-band: 2

Coordinator: Dr N Olekalns, Dr O Henry

Prerequisites: 316-102 Introductory Microeconomics.

Contact: Two 1-hour lectures and a 1-hour tutorial per week (*Semester 1, repeat 2*).

Description: An introduction to macroeconomic theory and policy. Economic aggregates such as aggregate production and employment, the general level of prices and inflation, the exchange rate, the volume of money, the balance of payments and economic growth. Analysis is particularly directed to models of an open economy and to current economic problems and policy issues.

Assessment: A 2-hour end-of-semester examination (60%), a multiple choice test (5%), two assignments totalling not more than 2500 words (25%), and tutorial attendance and participation (10%).

316-102 Introductory Microeconomics

Credit points: 12.5

HECS-band: 2

Coordinator: Professor J Borland, Dr G Magee

Prerequisites: No prior knowledge of economics is assumed.

Contact: Two 1-hour lectures and a 1-hour tutorial per week (*Semester 1, repeat 2*).

Description: This subject is an introduction to microeconomic theory and policy. Topics include the theory of perfectly competitive markets, welfare analysis and the role of government in the economy, consumer theory, theory of the firm (production and costs), game theory, and effects of market structure on resource allocation.

Assessment: A 2-hour end-of-semester examination (60%), a multiple choice test (5%), two assignments not exceeding 2500 words (25%) and tutorial attendance and participation (10%).

Prescribed texts: To be advised.

316-130 Quantitative Methods 1

Note:

- Students may not gain credit for both 316-130 Quantitative Methods 1 and either 620-131 Scientific Programming and Simulation, or 620-160 Experimental Design and Data Analysis (1998 or earlier handbooks 620-140 Probability and Applications, 316-129 Business Statistics; 1997 or earlier handbooks 617-141, 617-160, 617-170, 619-100, 619-101).
- Students who complete 620-160 Experimental Design and Data Analysis or 620-131 Scientific Programming and Simulation may apply for an exemption from 316-130 Quantitative Methods 1.

Credit points: 12.5

HECS-band: 2

Coordinator: Dr L Farrell, Dr C Skeels

Prerequisites: VCE Mathematical Methods or equivalent.

Contact: Two 1-hour lectures and a 1-hour tutorial per week (*Semester 1, repeat 2*).

Description: This subject covers the core concepts which underpin quantitative decision analysis in the various specialisations within the faculty. It provides a foundation for all second-year quantitative subjects in the commerce degree. The topics covered are financial mathematics; measures of location and dispersion; probability, random variables and expected values; sampling design; estimation and testing using the normal and t-distributions; and simple and multiple regression and correlation. The emphasis is on practical applications to accounting, economics, finance, management and marketing.

Assessment: A 2-hour end-of-semester examination (70%); assignments not exceeding 50 pages in total (10%); and a mark based on computer and problem solving exercises (20%).

Prescribed texts: To be advised.

Second year

Students are advised to note the prerequisites for third-year subjects before making a decision on their second-year subjects.

In addition to satisfying the individual subject prerequisites, students must have completed or gained credit for at least 75 level-1 points before they will be permitted to enrol in any of the level-2 (second year) subjects listed below.

316-201 Intermediate Macroeconomics

Note: 316-201 Intermediate Macroeconomics and 316-202 Intermediate Microeconomics together form the second-year component of a specialisation in economics.

Credit points: 12.5

HECS-band: 2

Coordinator: To be advised

Prerequisites: 316-101 Introductory Macroeconomics and 316-102 Introductory Microeconomics.

Contact: Two 1-hour lectures and a 1-hour tutorial per week (*Semester 2*).

Description: Topics include the theory of aggregate demand, the concept of full employment, the determination of the level of unemployment, inflation, the balance of trade and international capital movements.

Assessment: A 2-hour end-of-semester examination and an optional mid-semester multiple choice test and tutorial attendance and participation. The final mark will be calculated by weighting the end-of-semester exam at 70%, the mid-semester test at 20% and the tutorial mark at 10% OR by weighting the end-of-semester exam at 90% and the tutorial mark at 10% whichever gives the highest mark.

Prescribed texts: I McDonald, *Macroeconomics*, 2nd edn, Jacaranda Wiley, 1995.

316-202 Intermediate Microeconomics

Note:

- During the Summer Semester, this subject is only offered on a fee-paying basis. See your home faculty for a fee schedule.
- 316-202 Intermediate Microeconomics and 316-201 Intermediate Macroeconomics together form the second-year component of a specialisation in economics.

Credit points: 12.5

HECS-band: 2

Coordinator: Associate Professor D MacLaren

Prerequisites: 316-102 Introductory Microeconomics.

Contact: Semester 1: Two 1-hour lectures and a 1-hour tutorial per week; Summer Semester: One 2-hour lecture/workshop three days per week for six weeks (*Semester 1, repeat Summer*).

Description: This subject examines the development of the microeconomic theory of the behaviour of economic agents and how the behaviour of economic agents and government influence the efficiency of the economy. Topics include perfect competition, general equilibrium, market power, intertemporal decision making, decision making under uncertainty and imperfect information.

Assessment: A 2-hour end-of-semester examination, an optional mid-semester multiple choice test, and tutorial attendance and participation. The final mark will be calculated by weighting the end-of-semester exam at 70% the mid-semester test at 20% and the tutorial mark at 10% OR by weighting the end-of-semester exam at 90% and the tutorial mark at 10%, whichever gives the higher mark.

Prescribed texts: J M Perloff, *Microeconomics*, 2nd edn, Addison Wesley, Longman, 2001.

316-205 Introductory Econometrics

Note: Students may not gain credit for both 316-205 Introductory Econometrics and 316-206 Quantitative Methods 2.

Credit points: 12.5

HECS-band: 2

Coordinator: Associate Professor J Lye, Dr J Williams

Prerequisites: 316-130 Quantitative Methods 1.

Contact: Two 1-hour lectures and a 1-hour tutorial per week (*Semester 1, repeat 2*).

Description: Topics include review of calculus and statistics; F and χ^2 distributions; simple linear regression model; multiple linear regression model; hypothesis testing, forecasting, diagnostics with regression models (including heteroskedasticity and serial correlation), and illustration in *Eviews* to examples drawn from economics, finance, accounting, marketing and management.

Assessment: A 2-hour end-of-semester examination (70%), assignments not exceeding 50 pages in total (20%) and a mark based on tutorial attendance and participation (10%).

Prescribed texts: To be advised.

316-206 Quantitative Methods 2

Note:

- During the Summer Semester, this subject is only offered on a fee-paying basis. See your home faculty for a fee schedule.

- Students may not gain credit for both 316-206 Quantitative Methods 2 and 316-205 Introductory Econometrics.

Credit points: 12.5

HECS-band: 2

Coordinator: Dr R Dixon

Prerequisites: 316-130 Quantitative Methods 1, or 620-160 Experimental Design and Data Analysis, or equivalent.

Contact: Semester 1 and 2: Two 1-hour lectures and a 1-hour tutorial per week; Summer Semester: One 2-hour lecture/workshop three days per week for six weeks (*Semester 1, repeat 2, Summer*).

Description: This subject provides students with background mathematical and statistical skills necessary for solving a wide range of commerce problems. It draws heavily on examples from accounting, economics, finance, management and marketing. Topics include review and some extensions to calculus, including constrained and unconstrained optimisation; review of statistics; simple and multiple regression for use with time series and cross section data, including interpretation of estimates, hypothesis testing and forecasting, an introduction to diagnostics, an interpretation of logit regressions; an introduction to time series methods; and seasonality and index numbers.

Assessment: A 2-hour end-of-semester examination (80%), assignments not exceeding 20 pages in total (10%), and a mark based on tutorial attendance and participation (10%).

Prescribed texts: To be advised.

316-208 Economics of the Environment

Note: Students may not gain credit for both 316-208 Economics of the Environment and 316-324 Environmental Economics.

Credit points: 12.5

HECS-band: 2

Coordinator: Dr L Cameron

Prerequisites: 316-102 Introductory Microeconomics.

Contact: Three hours of lectures and tutorials per week (*Semester 2*).

Description: Topics include externalities and market failure; public goods; the economics of pollution, the optimal level of pollution, policy instruments including taxes, subsidies and marketable permits; pollution control in practice; and valuation methodologies and cost-benefit analysis.

Assessment: One 2-hour end-of-semester examination (60%), assignments totalling approximately 2000 words (30%) and class participation (10%).

316-210 Competition and Strategy

Credit points: 12.5

HECS-band: 2

Coordinator: Professor P Bardsley

Prerequisites: 316-202 Intermediate Microeconomics.

Contact: Two 1-hour lectures and a 1-hour tutorial per week (*Semester 2*).

Description: The subject introduces students to the rapidly growing literature in economics and business on strategic interaction with an emphasis on applications to business and public policy. It will provide students with the basic tools to be able to read the literature on real world situations. Topics covered include game theory; decision making under uncertainty; the prisoners' dilemma; dynamic strategy and strategic positioning; credible commitments and deterring competitors; cooperation and coordination; brinkmanship and industry shakeouts; strategic negotiation; horizontal and vertical integration; tacit collusion; sustaining collusion and collusive devices; uncertainty; and reputation as a competitive advantage. The subject will emphasise applications.

Assessment: A 2-hour end-of-semester examination (60%), a mid-semester test (10%) and assignments totalling not more than 3000 words (30%).

316-211 Forecasting Methods

Credit points: 12.5

HECS-band: 2

Coordinator: Associate Professor J Hirschberg

Prerequisites: 316-205 Introductory Econometrics or 316-206 Quantitative Methods 2 or 325-210 Managerial Decision Analysis or 325-212 Market Research.

Contact: Two 1-hour lectures and a 1-hour tutorial/practice class per week (*Semester 2*).

Description: This subject is an introduction to single equation forecasting methods and their applications to business, finance, economics and marketing. Special emphasis will be given to Box-Jenkins and ARIMA models. Other topics will include forecasting regression models, leading indicators, exponential smoothing methods, pooling forecast procedures and forecast evaluation. The computer software used is *Eviews*.

Assessment: A 2-hour examination (70%) and class assignments totalling not more than 3000 words (30%).

Prescribed texts: S A De Lurgio, *Forecasting Principles and Applications*, Irwin McGraw-Hill, 1998.

316-212 Economics for e-Commerce

Credit points: 12.5

HECS-band: 2

Coordinator: Professor J Freebairn

Prerequisites: 316-102 Introductory Microeconomics

Contact: Two one-hour lectures and a one-hour tutorial per week (*Semester 1*).

Description: The aim of this subject is to introduce students to the effects of e-commerce in decisions of firms and consumers, and on market outcomes. These include the effects of the internet on transaction costs and market pricing, the pricing of information goods, and the implications for government policies of the internet and e-commerce.

Assessment: A 2-hour end-of-semester examination (70%) and assignments totalling not more than 3000 words (30%).

620-201 Probability

See full subject details on page 6.

620-202 Statistics

See full subject details on page 7.

Third year

In addition to satisfying the individual subject prerequisites, students must have completed or gained credit for at least 175 level-1 and level-2 points before they will be permitted to enrol in any of the level-3 (third year) subjects listed below.

316-301 International Trade Policy

Credit points: 12.5

HECS-band: 2

Coordinator: Dr H C Chang

Prerequisites: 316-202 Intermediate Microeconomics.

Contact: An average of three hours per week of seminars/lectures/tutorials (*Semester 1*).

Description: This subject will cover the determinants, patterns and effects of international trade within a general equilibrium framework, where the interrelationships amongst product and factor markets in an economy are explicitly taken into consideration. It deals with how trade is affected by government policies and international trading agreements. It introduces basic analytical tools for evaluating the welfare and income distributional consequences of trade policies from both an industry and national perspective. The theories are related to current issues in international economics, such as globalisation, regional trading blocs and trade policies generally in Australia and the rest of the world.

Assessment: A 2-hour end-of-semester examination (70%) and a 1-hour mid-semester test (30%).

Prescribed texts: Paul R Krugman and Maurice Obstfeld., *International Economics: Theory and Policy*, 5th edition, Addison Wesley, 2000.

316-302 Economic Development

Credit points: 12.5

HECS-band: 2

Coordinator: Associate Professor S Jayasuriya

Prerequisites: 316-201 Intermediate Macroeconomics and 316-202 Intermediate Microeconomics.

Contact: Three hours of lectures and seminars per week (*Semester 2*).

Description: This subject will address economy-wide issues in economic development. The main objectives of the subject are to examine the key determinants of economic growth and the actual development experience of selected countries. Special emphasis will be placed on drawing policy lessons from the latest research and country experience of growth and development. The subject will cover topics such as historical patterns of development and structural transformation; theories of economic growth and development; poverty and income distribution; trade policy and development; development finance; the roles of migration, population growth, foreign aid and capital formation in development; and stabilisation and structural adjustment.

Assessment: A 2-hour end-of-semester examination (70%); and an essay assignment totalling not more than 2500 words (30%).

316-303 Industrial Economics

Availability: Not offered in 2003.

Credit points: 12.5

HECS-band: 2

Coordinator: Dr G Magee

Prerequisites: 316-202 Intermediate Microeconomics.

Contact: Two 1-hour lectures and a 1-hour tutorial per week (*Not Offered*).

Description: This subject offers an introduction to the field of industrial economics. Its aim is to demonstrate how economic analysis can be used to

explain, evaluate and suggest policy responses to real-world circumstances relating to the workings of industries. Among other things, the subject will enable you to explain the economic behaviour of different industries, firms and markets, particularly with reference to their output and pricing decisions, and levels of investment in advertising and research and development. The subject will also enable you to analyse and make policy recommendations about monopolies, cartels, non-cooperative oligopolies and other forms of imperfect competition. You will also be asked to evaluate critically the relationship between industrial structure and performance, as well as various approaches to innovation, entrepreneurship and industry policy. The degree and manner of government intervention in industry is also subjected to close analysis. Wherever possible, this subject will get you to apply your learning to real world situations.

Assessment: A 2-hour end-of-semester examination (65%), an essay of approximately 2000 words (20%), a 45-minute class test (10%) and tutorial attendance and participation (5%).

Prescribed texts: To be advised.

316-304 Social Economics

Availability: Not offered in 2003.

Credit points: 12.5

HECS-band: 2

Coordinator: To be advised.

Prerequisites: 316-101 Introductory Macroeconomics and 316-102 Introductory Microeconomics.

Pre or Corequisites: 316-201 Intermediate Macroeconomics and 316-202 Intermediate Microeconomics.

Contact: Two 1-hour lectures and a 1-hour tutorial per week (*Not Offered*).

Description: Topics include the distribution of access to goods and services by members of the community; the problems involved in defining and measuring the personal distribution of income and wealth and the degree of inequality; and the redistributive effects of the taxation and social security systems and of the government provision of goods and services. Special reference is given to current policy issues.

Assessment: A 2-hour end-of-semester examination (80%) and class assignments totalling approximately 2000 words (20%).

316-306 Money and Banking

Credit points: 12.5

HECS-band: 2

Coordinator: Dr P Stemp

Prerequisites: 316-201 Intermediate Macroeconomics and 316-202 Intermediate Microeconomics.

Contact: Two 1-hour lectures and a 1-hour tutorial per week (*Semester 1*).

Description: This course provides an overview of the economic principles that underlie the operation of banks and other financial institutions. The impact of monetary policy in Australia will also be examined with particular emphasis on the roles played by the Reserve Bank and other banking and financial institutions. Topics may include how economic theory applies to financial markets; the process of financial intermediation; available financial statistics; the money supply process and the implementation of monetary policy; money in the macroeconomy; the recent behaviour of major financial aggregates; the 1997/98 Asian economic crisis; financial regulation and deregulation; the monetary transmission mechanism; and a discussion of the recent approach to monetary policy in Australia. The course emphasises institutional and public policy issues, providing an Australian perspective on this topical subject.

Assessment: A 2-hour end-of-semester examination (80%) and class assignments totalling 2000 words (20%).

316-307 Labour Economics

Credit points: 12.5

HECS-band: 2

Coordinator: To be advised

Prerequisites: 316-201 Intermediate Macroeconomics and 316-202 Intermediate Microeconomics.

Contact: Two 1-hour lectures and a 1-hour tutorial per week (*Not Offered*).

Description: This subject examines the relationship of work and pay and how labour markets function. Topics include labour supply, labour demand, wage determination, trade unions, labour market discrimination, unemployment and analysis of current policy issues. Examples and empirical studies from Australia and other countries will be used to illustrate theoretical work.

Assessment: A 2-hour end-of-semester examination (80%) and class assignments totalling approximately 2000 words (20%).

316-309 Agricultural Economics

Credit points: 12.5

HECS-band: 2

Coordinator: Associate Professor D MacLaren

Prerequisites: 316-202 Intermediate Microeconomics.

Contact: Two 1-hour lectures and a 1-hour tutorial per week (*Semester 2*).

Description: Topics include the reasons for government intervention in the agri-food sector; the policy objectives and instruments of government intervention in selected countries; international trade, agricultural protectionism and the World Trade Organisation; and world food safety and food security.

Assessment: A 2-hour end-of-semester written examination (80%) and an assignment totalling not more than 2000 words (20%).

316-311 Development of Neoclassical Economics

Availability: Not offered in 2003.

Credit points: 12.5

HECS-band: 2

Coordinator: Professor J Creedy, Dr R Dixon

Prerequisites: 316-201 Intermediate Macroeconomics and 316-202 Intermediate Microeconomics.

Contact: Three hours of lectures/seminars per week (*Not Offered*).

Description: The unifying themes of classical political economy; the surplus approach; the classical approach to value, distribution and growth, emphasising the work of Smith, Malthus, Ricardo and Marx. A consideration of the relevance of these ideas today. The development of neoclassical theory emphasising the work of Jevons, Walras, Wicksell, Marshall and Edgeworth. The subject will be concerned with looking at modern economic theory from an historical perspective. Students will be expected to read original works as well as secondary literature.

Assessment: One 2-hour end-of-semester examination (80%) and one essay of approximately 2000 words.

316-312 Macroeconomics

Note: This subject is one of the four subjects which students proceeding to an honours degree in economics are required to take in third year, and has been designed accordingly. There are, however, no restrictions on entry to the subject which all third-year economics students are welcome to take.

Credit points: 12.5

HECS-band: 2

Coordinator: Dr Y Chou

Prerequisites: 316-201 Intermediate Macroeconomics and 316-202 Intermediate Microeconomics.

Contact: Three hours of seminars, lectures and tutorials per week (*Semester 2*).

Description: This subject analyses the general equilibrium approach to modelling the macroeconomy. Emphasis is given to the study of business cycles and growth models, including the real business cycle model, neoclassical growth model and simple models of endogenous growth.

Assessment: A 2-hour end-of-semester examination (70%), written assignments totalling approximately 2000 words (20%) and tutorial attendance and participation (10%).

316-313 Microeconomics

Note: Students proceeding to an honours degree in economics are required to take this subject in the third year of their course and the subject has been designed accordingly. There are, however, no restrictions on entry to the subject which all third year economics students are welcome to take.

Credit points: 12.5

HECS-band: 2

Coordinator: Professor R Tourky

Prerequisites: 316-201 Intermediate Macroeconomics and 316-202 Intermediate Microeconomics.

Contact: Two 1-hour lectures and a 1-hour tutorial per week (*Semester 1*).

Description: The objectives of the subject are to introduce new techniques of microeconomic analysis; and to study applications of microeconomic theory to a range of situations involving behaviour of consumers and firms, and market interaction. Topics include game theory and oligopoly, economics of information, behaviour under uncertainty and general equilibrium analysis.

Assessment: A 2-hour end-of-semester examination (80%) and class assignments totalling approximately 2000 words (20%).

316-316 Basic Econometrics

Note: Students may not gain credit for both 316-316 Basic Econometrics and 316-317 Econometrics.

Credit points: 12.5

HECS-band: 2

Coordinator: Dr M Harris

Prerequisites: One of 316-201 Intermediate Macroeconomics and 316-202 Intermediate Microeconomics, and either 316-205 Introductory Econometrics or 316-206 Quantitative Methods 2.

Contact: Two 1-hour lectures, a 1-hour tutorial/seminar and an average of one hour of practice sessions per week (*Semester 1*).

Description: This subject examines multiple regression analysis and its use in economics, management, finance, accounting and marketing. Normally topics

will include the properties of estimators, hypothesis testing, specification error, multicollinearity, dummy variables, heteroskedasticity, serial correlation, and an introduction to simultaneous systems. All theoretical concepts use summation notation and will be illustrated by applied examples. The computer software used is *Eviews*.

Assessment: A 2-hour end-of-semester examination (70%) and empirical exercises (30%).

316-317 Econometrics

Note: Students may not gain credit for both 316-317 Econometrics and 316-316 Basic Econometrics.

Credit points: 12.5 **HECS-band:** 2

Coordinator: Professor W Griffiths

Prerequisites: At least one of 316-201 Intermediate Macroeconomics and 316-202 Intermediate Microeconomics, and either 316-205 Introductory Econometrics or 620-202 Statistics.

Contact: Two 1-hour lectures and a 1-hour tutorial/practice class per week (*Semester 1*).

Description: The multiple regression model and extensions is further examined in this subject. Normally topics will include classical testing procedures, non-linear least squares, generalised least squares, heteroskedasticity and autocorrelation, stochastic regressors, dynamic models, simultaneous equations and an introduction to maximum likelihood methods and limited dependent variable models. Theoretical concepts use matrix algebra and will be illustrated by applied examples. The computer software used is *Eviews*.

Assessment: A 2-hour end-of-semester examination (65%), class assignments up to 40 pages in total (30%), and tutorial attendance and participation (5%).

316-318 Applied Microeconomic Modelling

Credit points: 12.5 **HECS-band:** 2

Coordinator: Dr J Williams

Prerequisites: 316-316 Basic Econometrics or 316-317 Econometrics.

Contact: Two 1-hour lectures and a 1-hour tutorial/practice class per week (*Semester 2*).

Description: This subject examines estimation and testing of microeconomic models based on cross-sectional and panel data and quantitative and limited dependent variables. Illustrative application topics normally will include labour economics, consumer demand and finance. The computer software used is *Eviews*.

Assessment: A 2-hour end-of-semester examination (60%) and project work totalling not more than 4000 words (40%).

Prescribed texts: E Berndt, *The Practice of Econometrics*, Addison Wesley, 1991.

316-319 Economic Development of East Asia

Availability: Not offered in 2003.

Credit points: 12.5 **HECS-band:** 2

Coordinator: To be advised

Prerequisites: 316-201 Intermediate Macroeconomics and 316-202 Intermediate Microeconomics.

Contact: Three hours of seminars, lectures and tutorials per week (*Not Offered*).

Description: This subject examines tools of economic analysis are applied to the problems and issues facing the economies of East Asia. Issues discussed include growth and structural change; impact of government policy on economic performance; international trade/investment and regional integration; markets, competition and economic efficiency; industrial organisation; income distribution and social issues; and relationships with the world economy. Tools developed in this subject can be used to analyse other developing economies.

Assessment: A 2-hour end-of-semester examination (80%) and class assignments totalling approximately 2000 words (20%).

316-321 Chinese Economy

Availability: Not offered in 2003.

Credit points: 12.5 **HECS-band:** 2

Coordinator: To be advised

Prerequisites: 316-201 Intermediate Macroeconomics and 316-202 Intermediate Microeconomics.

Contact: Three hours of seminars, lectures and tutorials per week (*Not Offered*).

Description: Tools of economic analysis are applied to the problems and issues facing the economy of China. Issues discussed include growth and structural change; impact of government policy on economic performance;

international trade/investment and regional integration; markets, competition and economic efficiency; industrial organisation; income distribution and social issues; and relationships with the world economy. Tools developed in this subject can be used to analyse other developing economies.

Assessment: A 2-hour end-of-semester examination (80%) and class assignments totalling approximately 2000 words (20%).

316-324 Environmental Economics

Credit points: 12.5 **HECS-band:** 2

Coordinator: Dr L Gangadharan

Prerequisites: 316-201 Intermediate Macroeconomics and 316-202 Intermediate Microeconomics.

Contact: Three hours of lectures/seminars (*Semester 1*).

Description: Environmental issues will be addressed with the aid of economic theory. Topics include sustainability of economies; pollution as an externality; approaches to dealing with pollution in different countries; methods of valuing the environment and environmental damage; effect on future generations; the use and depletion of renewable and non-renewable natural resources; and the environment and economic development.

Assessment: A 2-hour end-of-semester examination (60%), an essay of approximately 3000 words (30%) and in-class assessment (in the form of seminar presentation and class participation) (10%).

Prescribed texts: J Kahn, *The Economic Approach to Environmental and Natural Resources*, Harcourt Brace Publisher, 2nd edn, 1998.

316-325 Ecological Economics

Credit points: 12.5 **HECS-band:** 2

Coordinator: Dr L Gangadharan

Prerequisites: 316-208 Economics of the Environment or 316-324 Environmental Economics and at least one environmental studies subject from the Department of Geography and Environmental Studies.

Contact: Three hours of lectures/seminars per week (*Semester 2*).

Description: This subject gives an understanding of the relationships between ecosystems and economic systems and why they are central to many of humanity's current problems and to building a sustainable future. Ecological economics is a new transdisciplinary approach to understanding and managing the ecology and economics of our world for sustainability, on local, regional and global scales. This subject will focus on the basic world view of ecological economics; accounting, modelling and analysis of ecological economic systems; and necessary institutional changes to achieve sustainability. Use will be made of the tools for conventional economics and ecology as appropriate, and new approaches will be introduced where needed. It should be noted that no prior knowledge of ecology is assumed.

Assessment: A 2-hour end-of-semester examination (45%), an essay of approximately 4000 words (45%) and seminar presentation and participation (10%).

316-326 Economic Analysis & Policy

Credit points: 12.5 **HECS-band:** 2

Coordinator: Mrs R Smith

Prerequisites: 316-202 Intermediate Microeconomics.

Contact: Two 1-hour lectures and a 1-hour tutorial per week (*Semester 2*).

Description: This subject focuses on the application of economics to the analysis of policy issues facing governments in Australia and overseas. The subject begins with a general introduction on the application of principles of microeconomics for guiding the formulation of policy options and their interpretation. It then explores in detail specific topics drawn from health economics, microeconomic reform, income distribution, poverty or other relevant policy areas. For each specific topic the subject presents and evaluates results in the literature and analyses future policy options and their effects.

Assessment: A 2-hour end-of-semester examination (80%) and class assignments totalling approximately 2000 words (20%).

316-327 Business Applications of Economics

Availability: Not offered in 2003.

Credit points: 12.5 **HECS-band:** 2

Coordinator: Professor J. Borland

Prerequisites: 316-202 Intermediate Microeconomics.

Contact: Three hours of lectures and workshops per week (*Not Offered*).

Description: The subject will study methods and approaches for applying economic theory and quantitative techniques in business environments. Lectures in the subject will cover topics relating to planning a group research project, bibliographic skills, ethics in research, the application of economic theory and quantitative methods, effective presentation of data, writing a research report, and oral presentations of research reports. The main part of assessment for this course will involve groups of students undertaking busi-

ness-oriented research projects. Workshop sessions in the course will provide a forum for evaluation of work-in-progress on the research projects.

Assessment: A 2-hour end-of-semester examination (40%) and a written report and presentation (60%). The assessment for the research report will be allocated to the group of students writing the report. To pass the subject students must achieve a pass in each component of assessment.

316-328 Marketing Economics

Credit points: 12.5

HECS-band: 2

Coordinator: Professor J Freebairn

Prerequisites: 316-202 Intermediate Microeconomics.

Contact: Two 1-hour lectures and a 1-hour tutorial per week (*Semester 1*).

Description: Techniques of microeconomic theory are reviewed and then applied to evaluate business choice options and government policy options affecting marketing activities in such areas as setting prices, market segmentation, advertising, product mix, forms of contracts and consumer protection legislation. Topics covered will include marketing as an economic activity; explanations of and forecasting market outcomes, setting prices in different market structure situations; joint product pricing; storage, transport, processing and distribution choices; buyer-seller contracting under different information situations; promotion and advertising; government policy, including provision of information, consumer protection; and transaction costs and marketing efficiency.

Assessment: A 2-hour end-of-semester examination (70%) in-course assessment totalling not more than 3000 words (30%).

316-329 The Economics of Taxation

Note: Students may not obtain credit for both 316-329 The Economics of Taxation and 316-305 Public Finance (1998 Handbook).

Credit points: 12.5

HECS-band: 2

Coordinator: Associate Professor N Norman

Prerequisites: 316-202 Intermediate Microeconomics.

Contact: Two 1-hour lectures and a 1-hour tutorial per week (*Semester 2*).

Description: Topics include review of the economic framework for analysing decision making; background to the Australian and other relevant taxation systems; issues and controversies in relation to the tax system and taxpayer decisions; objectives of tax collectors and taxpayers; why taxes exist; options and issues concerning tax bases: income, company profits, expenditures, wealth; the economic impact of taxes on work effort, prices, consumption and saving, investment and financial decisions, corporate investment and corporate financing, welfare, the international location of profits, tax avoidance and evasion; economic analysis of taxpayer decisions concerning legal entities, filing procedures, objections and reviews, negotiation strategies; and policy decisions concerning the tax mix, rate structures and administrative options, legal processes.

Assessment: A 2-hour end-of-semester examination (60%), assignments totalling not more than 2000 words (20%) and case studies (20%).

Recommended texts: C T Sandford (ed.), *Why Tax Systems Differ*, Fiscal Publications, Bath UK, 2000.

316-330 Organisations, Economics and Incentives

Availability: Not offered in 2003.

Credit points: 12.5

HECS-band: 2

Coordinator: Dr A Asano

Prerequisites: 316-202 Intermediate Microeconomics.

Contact: Two 1-hour lectures and a 1-hour tutorial per week (*Not Offered*).

Description: This subject examines applications of tools of asymmetric information, incentives, incomplete contracts and organisational design. Specific topics include compensation and motivation - principles of incentive pay; corporate governance - the economics of executive and management remuneration; ownership and corporate control - the economics of firm size, takeovers and financial structure; ownership and incentives - analysis of asset ownership and privatisation; and incentives and regulation - economic principles of firm regulation and the interaction between business and government.

Assessment: A 2-hour end-of-semester exam (80%) and assignments totalling not more than 2000 words (20%).

316-335 Economics of the Law

Credit points: 12.5

HECS-band: 2

Coordinator: Mrs R Smith

Prerequisites: 316-202 Intermediate Microeconomics.

Contact: One 2-hour lecture and a 1-hour tutorial per week (*Semester 1*).

Description: This subject addresses the economic principles underlying various areas of the law and which are relevant to legal practice. Three main issues will be studied. The first is competition law and consumer protection. The second is property rights, including intellectual property. The third main

area concerns issues of damages and compensation. The course will develop economic tools to analyse these legal issues. These include incomplete contracting, oligopoly analysis and incomplete information.

Assessment: A 2-hour end-of-semester examination (60%) and written work totalling not more than 4000 words (40%).

316-336 Economic Analysis of e-Commerce

Availability: Not offered in 2003.

Credit points: 12.5

HECS-band: 2

Coordinator: Associate Professor N Norman

Prerequisites: 316-202 Intermediate Microeconomics

Contact: Two one-hour lectures and a one-hour tutorial per week (*Not Offered*).

Description: This subject examines how the internet and electronic communication alter consumers' and producers' options and decisions, and the implications for firm pricing, business strategy, and government policy. Topics include e-commerce and consumer and producer decisions; the economics of software; pricing of information and e-services; lock-in and customer switching costs; network externalities and complementarities; search theory, transaction costs and e-commerce, quality and reputation under e-commerce; government regulation.

Assessment: A 2-hour end-of-semester examination (60%) and a project and assignments totalling not more than 3000 words (40%).

316-350 Time Series Analysis and Forecasting

Credit points: 12.5

HECS-band: 2

Coordinator: To be advised.

Prerequisites: 316-317 Econometrics or 316-316 Basic Econometrics or both 620-201 Probability and 620-202 Statistics.

Contact: Two 1-hour lectures and a 1-hour tutorial/practice class per week (*Semester 2*).

Description: Normally topics will include current techniques used in forecasting in finance, accounting and economics such as regression models, Box-Jenkins, ARIMA models, vector autoregression, causality analysis, cointegration and forecast evaluation, and ARCH models. The computer software used is *Eviews*.

Assessment: A 2-hour end-of-semester examination (60%) and empirical exercises (40%).

Prescribed texts: W Enders, *Applied Econometric Time Series*, Wiley.

316-351 Economics of Financial Markets

Credit points: 12.5

HECS-band: 2

Coordinator: Dr K Shields

Prerequisites: 316-201 Intermediate Macroeconomics, 316-202 Intermediate Microeconomics and either 316-205 Introductory Econometrics or 316-206 Quantitative Methods 2.

Contact: Two 1-hour lectures and a 1-hour tutorial per week (*Semester 2*).

Description: The subject is a combination of principle and practice. It provides an overview of the economic principles governing financial markets; then provides insights into some important empirical and practical issues concerning the operation of financial markets; and concludes with a discussion of some practical issues associated with Australian financial markets.

Assessment: A 2-hour end-of-semester examination (70%) and class assignment(s) totalling approximately 2000 words (30%).

316-352 Quantitative Business Analysis

Credit points: 12.5

HECS-band: 2

Coordinator: Associate Professor J Hirschberg

Prerequisites: 316-205 Introductory Econometrics or 316-206 Quantitative Methods 2.

Contact: Three hours of lectures, seminars and tutorials per week (*Semester 1*).

Description: This subject examines multivariate statistical analysis of business and financial data using computer programs. The techniques covered include multivariate graphics, analysis of variance, regression, logistic regression, principal components, cluster analysis, factor analysis and data envelopment analysis. Computer software used is *SPSS* and *EMS*.

Assessment: A 2-hour end-of-semester examination (80%) and class assignments (20%).

Fourth-year honours

The following subjects are available only to those admitted to the honours degree unless special approval is granted by the Head of the Department of Economics.

316-401 Microeconometrics**Credit points:** 12.5**HECS-band:** 2**Coordinator:** Dr C Skeels**Prerequisites:** 316-470 Econometric Techniques.**Contact:** Three hours of classes per week (*Semester 2*).**Description:** The specification, estimation and testing of a range of models used to analyse microeconomic data is examined in this subject. The models to be considered may include discrete choice models, models for censored and truncated data, models of duration data, models with self-selectivity, models of count data, and panel data.**Assessment:** A 2-hour end-of-semester examination (60%) and class assignments (40%).**316-402 Advanced Microeconomics****Credit points:** 12.5**HECS-band:** 2**Coordinator:** Professor P Bardsley**Prerequisites:** 316-312 Macroeconomics and 316-313 Microeconomics.**Contact:** Three hours of lectures and seminars per week (*Semester 2*).**Description:** An introduction to advanced microeconomics and to the economics of information and strategic behaviour. Topics to be covered include decision making under uncertainty, the interaction of primal and dual methods of modelling producer and consumer behaviour, the existence and welfare properties of general equilibrium, the theory of market failure and public goods, models of strategic behaviour in oligopoly, an introduction to the economics of information.**Assessment:** A 3-hour end-of-semester examination (70%) and class assignments totalling not more than 3000 words (30%).**Prescribed texts:** To be advised.**316-403 Advanced Macroeconomics****Credit points:** 12.5**HECS-band:** 2**Coordinator:** Professor I McDonald**Prerequisites:** 316-312 Macroeconomics.**Contact:** Three hours of lectures, seminars and tutorials per week (*Semester 1*).**Description:** This subject presents recent developments in macroeconomics. There will be a mix of theory and applications. The main theories to be covered may include overlapping generations models, real business cycle theory, new Keynesian models, intertemporal open economy models and the theory of economic growth. Various theories will be illustrated using examples drawn from domestic and international policy issues, as appropriate.**Assessment:** A 3-hour end-of-semester examination (80%) and class assignments totalling not more than 2000 words (20%).**316-404 International Trade****Credit points:** 12.5**HECS-band:** 2**Coordinator:** Dr M Amiti**Prerequisites:** 316-301 International Trade Policy and 316-313 Microeconomics.**Contact:** Three hours of lectures and seminars per week (*Semester 2*).**Description:** This subject will cover new trade theories, which have been developed in imperfectly competitive models with scale economies. It develops advanced analytical tools for evaluating welfare effects of various trade policies under different industry structures such as monopolies and oligopolies; and welfare implications of trade and industry policies under various different trading regimes. It will also consider the effects of trade policy on industrialisation and growth, and income inequality. The theories are applied to new issues in international trade such as dumping, environmental and labour standards.**Assessment:** A 2-hour end-of-semester examination (70%) and class assignments totalling not more than 2000 words (30%).**Prescribed texts:** J Markusen, W Melvin, W Kaempfer and K Maskus, *International Trade: Theory and Evidence*, McGraw-Hill, 1995.**316-405 Long-Run Economic Change****Credit points:** 12.5**HECS-band:** 2**Coordinator:** Dr G Magee**Prerequisites:** 316-312 Macroeconomics and 316-313 Microeconomics**Contact:** Three hours of lectures/seminars per week (*Semester 1*).**Description:** The study of long-run economic change concerns itself with two questions: Why do certain economies persistently perform more successfully than others? and How is leadership in the world economy achieved and maintained? How, for example, did the United States attain its current place in the global economy, and will it be able to hold on to that position indefinitely?

What are the futures of the Asian Tigers and Australia in the world economy? These, and similar questions have attracted the attention of some of the world's leading economists. Recent research, for example, by the Nobel prize laureate Douglas North, has illustrated the importance of institutions to both economic growth and policy performance, especially over the longer term. The aim of this subject is to introduce you to this literature as well as to other fundamental issues of long-run economic change. You will carefully examine different approaches to long-run economic analysis and assess each in light of the available evidence. On successful completion of this subject you should be able to explain and describe the pattern of long-term economic growth, leadership and decline in the world economy since the industrial revolution; evaluate the role of culture, institutions and the environment in economic change; and apply the methods of historical economics to contemporary economic debates.

Assessment: A 2-hour end-of-semester examination (60%), an essay totalling not more than 3000 words (30%) and a seminar paper totalling not more than 1000 words (10%).**Prescribed texts:** To be advised**316-425 Ecological Economics****Note:** Economics honours students are not permitted to enrol in this subject.**Credit points:** 12.5**HECS-band:** 2**Coordinator:** Dr L Gangadharan**Semester:** Semester 2Additional details as for 316-325 Ecological Economics (*p.4*).**316-449 Financial Econometrics****Credit points:** 12.5**HECS-band:** 2**Coordinator:** Associate Professor G Lim**Prerequisites:** 316-317 Econometrics or an honours grade in 316-316 Basic Econometrics; in special circumstances diploma students may be given permission to enrol. Some familiarity with the principles of financial analysis is desirable.**Contact:** Three hours of lectures/seminars/tutorials per week (*Semester 1*).**Description:** This subject presents an econometric treatment of topics in finance. Normally the finance topics will include portfolio theory, capital asset pricing models, arbitrage pricing theory, efficient markets hypothesis, covered interest parity, term structure of interest rates, and option pricing models. The econometrics topics will include unit roots, cointegration, ARCH modelling, structural change, and regime-switching. The computer software used is *Eviews*.**Assessment:** A 2-hour end-of-semester examination (50%) and empirical assignments totalling not more than 3000 words (50%).**316-450 Game Theory****Credit points:** 12.5**HECS-band:** 2**Coordinator:** Dr R Raimondo**Prerequisites:** 316-313 Microeconomics or equivalent.**Contact:** Three hours of lectures/seminars per week (*Semester 1*).**Description:** This subject provides a rigorous introduction to non-cooperative game theory and the economics of asymmetric information. The equilibrium concepts covered include dominant strategy, Nash, subgame perfect, Bayes-Nash and perfect Bayes equilibrium.**Assessment:** A 2-hour end-of-semester examination (60%) and class assignments totalling approximately 4000 words (40%).**316-451 Modelling the Australian Macroeconomy****Credit points:** 12.5**HECS-band:** 2**Coordinator:** Dr R Dixon**Prerequisites:** 316-312 Macroeconomics, and either 316-316 Basic Econometrics or 316-317 Econometrics.**Contact:** Three hours of lectures/seminars per week (*Semester 2*).**Description:** This subject examines the use of open economy macroeconomic models in economic policy analysis. Topics include recent developments in open economy macroeconomic theory; important Australian macroeconomic data sets; the design of macroeconomic models of the Australian economy; the derivation of policy multipliers; policy simulation techniques and sensitivity analysis of economy-wide models; recent developments in the theory of economic growth; and an examination of some current issues in macroeconomic policy.**Assessment:** A 3-hour end-of-semester examination (80%) and class assignments totalling approximately 2000 words (20%).**316-460 Advanced Restrictive Trade Practices****Note:** Economics honours students are not permitted to enrol in this subject. A quota applies to this subject.

Availability: Not offered in 2003.

Credit points: 12.5

HECS-band: 2

Coordinator: Ms F Hanks (Faculty of Law) & Ms R Smith

Prerequisites: 316-313 Microeconomics or equivalent. Students may enrol in this subject only with the consent of both Ms F Hanks and the Head of the Department of Economics.

Contact: Twelve 2-hour seminars (*Not Offered*).

Description: This subject is an in-depth study of those parts of the Trade Practices Act 1974 (Cth) that relate to restrictive trade practices. This is an interdisciplinary seminar which aims to integrate the relevant law of economics and to highlight important issues of business policy. Topics will include price fixing and other collusive agreements, misuse of market power, mergers, resale price maintenance, exclusive dealing, authorisation and exemption, enforcement and remedies. These are issues raised by most legislation to control monopolies and restrictive practices, and the subject aims to develop analytical skills which will be of continuing relevance whatever the amendments to the law.

Assessment: A written report of 1500 words on an approved topic (40%); take-home examination (60%).

316-462 Public Economics

Availability: Not offered in 2003.

Credit points: 12.5

HECS-band: 2

Coordinator: Dr N Olekalns

Prerequisites: 316-313 Microeconomics or equivalent.

Contact: Three hours of lectures/seminars per week (*Not Offered*).

Description: The general problems associated with the role of the state in the economy. Topics will be chosen from the theory of the state; the role of government in promoting economic growth; collective choice mechanisms; the economic analysis of bureaucracy; public goods; Coase theorem; national debt; and taxation issues.

Assessment: A 3-hour end-of-semester examination (80%) and an assignment totalling approximately 2000 words (20%).

Prescribed texts: To be advised.

316-463 Development Economics

Credit points: 12.5

HECS-band: 2

Coordinator: Dr L Cameron

Prerequisites: 316-313 Microeconomics.

Contact: Three hours of seminars or lectures and tutorials per week (*Semester 2*).

Description: The subject will cover development economics. The topics covered may include economic growth theory including models in which growth is endogenous, measurement of poverty and inequality, tests of the efficiency of labour and credit markets, consumption smoothing, micro-credit schemes and demographic issues.

Assessment: A 3-hour end-of-semester examination (70%) and class assignments totalling approximately 4000 words (30%).

316-466 Monetary Economics

Credit points: 12.5

HECS-band: 2

Coordinator: Dr C Edmond

Prerequisites: 316-312 Macroeconomics and 316-313 Microeconomics.

Contact: Three hours of lectures and seminars per week (*Semester 2*).

Description: An advanced introduction to modern monetary economics. Covers topics such as neoclassical monetary theory; price rigidities; interest rates, inflation targeting and central banking; rules versus discretion in monetary policy; microeconomic foundations of monetary economics. Both theoretical and empirical issues will be emphasised. Open economy aspects of monetary economics will be covered where appropriate.

Assessment: *Either:* A 3-hour end-of-semester examination (70%) and class assignments totalling not more than 3000 words (30%); *or* a 1.5-hour mid-semester examination (20%), a 3-hour end-of-semester examination (50%) and class assignments totalling not more than 3000 words (30%).

Prescribed texts: To be advised.

316-467 Microeconomic Analysis and Policy

Availability: Not offered in 2003.

Credit points: 12.5

HECS-band: 2

Coordinator: Associate Professor N Norman

Prerequisites: 316-313 Microeconomics.

Contact: Three hours of seminars per week (*Not Offered*).

Description: This subject examines the application of advanced microeconomics to Australian policy analysis and debates, including (inter alia) trade

practices and industry regulation, the economic analysis of legal disputes and their resolution, the economics of technological change, and economics of the environment and some microeconomic issues which arise in trade policy. A small number of the seminars will be given by specially invited speakers.

Assessment: A 3-hour end-of-semester examination (80%) and class assignments totalling approximately 2000 words (20%).

316-468 General Equilibrium & Welfare Economics

Availability: Not offered in 2003.

Credit points: 12.5

HECS-band: 2

Coordinator: Professor J Creedy

Prerequisites: 316-313 Microeconomics.

Contact: Three hours of lectures and seminars per week (*Not Offered*).

Description: Topics include exchange with price-taking behaviour (utility and non-utility approaches), exchange without price-taking, the role of numbers in competition, Nash bargaining solutions, social welfare functions, expenditure functions and compensating variations, production of a general equilibrium model, the effects of income and commodity taxes in general equilibrium, labour supply with taxes and transfers, and general equilibrium with variable labour supply.

Assessment: A 3-hour end-of-semester examination (80%) and class assignments totalling approximately 2000 words (20%).

316-469 Financial Economics

Credit points: 12.5

HECS-band: 2

Coordinator: Dr O Henry

Prerequisites: 316-313 Microeconomics or equivalent.

Contact: Three hours of seminars per week (*Semester 1*).

Description: This subject examines the economics of financial markets and financial institutions, including a substantial component of financial economic theory and some important current issues in the management of financial institutions and the evolution of financial markets. Topics include the theory of choice under certainty and uncertainty, asset pricing models, efficient markets theory, theory of financial intermediation, risk management and the theory of the term structure of interest rates.

Assessment: A 3-hour end-of-semester examination (80%) and class assignments totalling approximately 2000 words (20%).

316-470 Econometric Techniques

Credit points: 12.5

HECS-band: 2

Coordinator: Dr D Harris

Prerequisites: 316-317 Econometrics or at least a H2A in 316-316 Basic Econometrics.

Contact: Three hours of lectures/seminars/tutorials per week (*Semester 1*).

Description: This subject introduces appropriate estimation and inference techniques for models that involve a single equation and those involving systems of equations. Normally topics will include asymptotic theory, maximum likelihood estimation, classical testing procedures, generalised least squares estimation, seemingly unrelated regression models, stochastic regressors, instrumental variables, generalised methods of moments, simultaneous equations models (including VARs) and model-selection procedures.

Assessment: A 3-hour end-of-semester examination (70%) and class assignments (30%).

Prescribed texts: Johnston and DiNardo, *Econometric Methods*, McGraw-Hill, 1997. **or** W H Greene, *Econometric Analysis*, 4th edition, Prentice-Hall.

316-475 Economics Research Essay

Credit points: 25

HECS-band: 2

Coordinator: Dr L Farrell

Prerequisites: Admission to the honours program in economics.

Contact: A series of 1-hour seminars held at various times throughout the year, not exceeding 24 hours in total (all year) (*Research*).

Description: The research essay consists of no more than 10 000 words, inclusive of bibliography, footnotes, tables, charts and appendices. The essay is unsupervised but each student will have an adviser to whom they can address questions. Lectures will be held throughout both semesters. The research plan will be submitted prior to the last week of teaching in Semester 1 and a seminar delivered; and a draft of the essay to be delivered in the middle of Semester 2 and a seminar presentation made. Three copies of the essay are to be submitted to the department office by Monday in the last week of Semester 2.

Assessment: The essay itself is examined. It is to be submitted by the end of the Semester 2.

316-479 Mathematical Economics**Credit points:** 12.5**HECS-band:** 2**Coordinator:** Dr S Basov**Prerequisites:** 316-313 Microeconomics or equivalent.**Contact:** Three hours of seminars, lectures and tutorials per week (*Semester 2*).**Description:** This subject introduces mathematical ideas and techniques that are used in advanced economics. These include topology, real analysis, convex programming, dynamic programming and control theory. These techniques are applied to problems in general equilibrium theory and game theory (prior knowledge of these topics is not assumed). The subject is designed for students with an aptitude for mathematics.**Assessment:** A 3-hour end-of-semester examination (80%) and class assignments equivalent to approximately 3000 words (20%).