

2012-13 Social Sciences Undergraduate Stage 2 & 3 Module Handbook

36 School of Economics

EC500		Microeconomics				
Version	Campus	Term(s)	Level	Credit (ECTS)	Assessment	Convenor
1	Canterbury	Autumn and Spring	I	30 (15)	80% Exam, 20% Coursework	Garcia-Alonso Dr M D C

Contact Hours

40 lectures, 20 seminars, 4 class tests

Pre-requisites

EC304/EC302 Economics, EC305/EC306 Mathematics, EC309 Statistics for Economics and Business, or equivalent

Method of Assessment

20% coursework, consisting of five assessments including 4 class tests; 80% end of year examination of three hours duration

Synopsis

This is the core microeconomics module taken by all students following Economics degrees. It builds on the material covered in the Stage 1 Economics modules. The titles of many of the topics covered will be familiar, but the topics will be dealt with in greater depth and with more theoretical rigour than in first year.

Microeconomics is concerned with the behaviour of individual economic agents such as consumers, firms and governments. As such, microeconomics provides the foundations for much economic debate including the foundations of macroeconomics. An understanding of microeconomics ranges from essential to helpful for all other Economics modules you take.

The module is carefully designed to tell you what topics will be covered in the lectures, give (alternative and/or complementary) readings, and provide a set of different types of questions and problems for seminars to test and extend your understanding of the material as well as to improve key skills such as communication, problem solving, team work, and learning how to study efficiently.

Learning Outcomes

Understand the relevance of microeconomics to the real world

Understand, analyse and evaluate contemporary market systems

Appreciate that you have learnt and developed a variety of different skills, such as essay writing and communication and analytical skills, and acquired problem-solving experience. These skills are essential not only to the study of Economics, but also, in the longer term, to a successful career.

Preliminary Reading

H Varian Intermediate Microeconomics, A Modern Approach (8th ed), Norton, 2010

W Morgan, M Katz and H Rosen Microeconomics (2nd ed), McGraw Hill, 2009

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EC502		Macroeconomics				
Version	Campus	Term(s)	Level	Credit (ECTS)	Assessment	Convenor
1	Canterbury	Autumn and Spring	I	30 (15)	80% Exam, 20% Coursework	Satchithanathan Dr M

Contact Hours

40 lectures, 18 seminars

Pre-requisites

EC302/EC304 Economics, EC305/EC306 Mathematics, EC309 Statistics for Economics and Business, or equivalent

Method of Assessment

20% coursework, consisting of two class tests; 80% written examination of 3 hours duration

Synopsis

Macroeconomics today is a different subject than it was just a few decades ago. Old controversies have been resolved and new ones have arisen. This module builds on the first year teaching of macroeconomics to provide an intermediate course, which takes full account of the policy issues and controversies in the world macroeconomy.

Autumn Term begins by looking at the basic methodology of macroeconomic models. We then examine, in greater detail than at Stage 1, how the macroeconomic theories of aggregate demand and aggregate supply are derived. This involves studying the markets on which these theories are based. It is important to be aware that there are many theories of aggregate demand and supply. This term we use the IS-LM model, with which you should be familiar from Stage 1, to derive a theory of aggregate demand in both open and closed economies. We also examine the labour market to derive a theory of aggregate supply and study the relationship between inflation and unemployment.

Spring Term starts with the study the microeconomic fundamentals of macroeconomics. We then use these and the ideas developed last term to make an extensive examination of macroeconomic policy. This includes both demand management (monetary and fiscal policy) and supply side policies. The final part of the module looks at what causes economic growth, and how we build models to analyse it.

Learning Outcomes

By the end of the academic year, you are expected to:

- be able to form your own economic view on current macroeconomic problems
- understand the interrelationships between different macroeconomic policies
- build a solid economic background which will enable you to start a career as a macroeconomist
- be able to present macroeconomic analysis both verbally and in written form
- be able to construct and write answers to macroeconomic analytical questions
- be able to undertake further study in the different areas of macroeconomics such as international finance, monetary economics and growth theory

Understand, analyse and critically assess the current macroeconomic problems widely addressed in the media such as unemployment, inflation, macroeconomic policy and exchange rate volatility

Preliminary Reading

M Burda and C Wyplosz *Macroeconomics* (4th or 5th ed), Oxford University Press

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EC511		Quantitative Economics				
Version	Campus	Term(s)	Level	Credit (ECTS)	Assessment	Convenor
1	Canterbury	Autumn and Spring	I	30 (15)	80% Exam, 20% Coursework	Carruth Prof A

Contact Hours

40 lectures, 20 seminars

Pre-requisites

EC302/EC304 Economics, EC305/EC306 Mathematics, EC309 Statistics for Economics and Business, or equivalent

Method of Assessment

20% coursework, consisting of two class tests; 80% written examination of 3 hours duration

Synopsis

The quantitative estimation and evaluation of economic models is an essential feature of the study and application of economics. An alternative title for this module is (applied) 'econometrics' where 'metric' in econometric denotes measurement. Most textbooks provide a useful definition of what is meant by econometrics. Andrew Oswald has described 'economics' as 'the art of looking for patterns in data'. Joshua Angrist and Jörn-Steffen Pischke have described econometrics as 'the art of investigating causal relationships of interest'. We provide an intuitive treatment of some elements of basic econometric theory in conjunction with the practical application of the methods to economic issues, in particular we emphasise the measurement and interpretation of empirical results. Hence we choose the title Quantitative Economics, even though other techniques are often taught under such a heading; for instance, linear programming and input-output analysis. This also differentiates this module from the final year modules, EC542 and EC543 Econometrics I and II, which explore econometric techniques in greater theoretical and empirical depth.

The aim of the module is to familiarise you with the techniques economists use to measure economic relationships in order to test hypotheses, forecast, or assess the impact of economic policy. This is a very challenging field of applied economics. We do this in a practical way so that you gain experience in using suitable computer software to investigate empirical relationships studied throughout the module. Learning to use computer software provides a basic training in information technology (IT) skills which are becoming increasingly important to employers seeking suitable, skilled employees.

Learning Outcomes

By the end of the module you should be able to:

appreciate the different types of models, data and data sources in economics

understand the concept of an estimator, particularly the least squares estimator

be familiar with the important role of the random error, and the assumptions needed to ensure the best linear unbiased properties of the least squares estimator

carry out different forms of specification testing, using t and f-tests

apply tests of model adequacy, particularly tests of the basic assumptions and understand the consequences of failure of each assumption, for example, autocorrelation and heteroscedasticity

have knowledge of different types of dynamic empirical model and their important role in the analysis of time series econometrics

carry out practical work on relevant empirical topics, using econometric software

improve your ability to interpret empirical results in economics literature

write reports on computer based, applied economics applications

Preliminary Reading

R Thomas Introductory Econometrics: Theory and Applications (2nd ed), Longman, 1993

D Gujarati & D Porter Basic Econometrics (5th ed), McGraw-Hill, 2009

A Studenmund Using Econometrics (6th ed), Pearson International, 2010

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EC531	Policy Analysis					
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Version	Campus	Term(s)	Level	Credit (ECTS)	Assessment	Convenor
1	Canterbury	Autumn	I	15 (7.5)	100% Coursework	Collier Dr W

Contact Hours

12 lectures, 8 seminars and 3 workshops

Pre-requisites

EC302/EC304 Economics Mode A; EC305/EC306 Mathematics Mode A or B; EC309 Statistics

Method of Assessment

100% coursework consisting of an oral presentation, a reflective writing assignment of 400-500 words, a class test and an extended essay

Synopsis

This module applies economic theory and statistical methods to the understanding and critical assessment of economic policy. It is designed for students who have completed Stage 1 Economics. For students studying for an economics degree, the module complements the core second year modules by focusing on the policy application of economic concepts and provides an introduction to material studied in greater depth in third year 'specialist' modules. For other students, it provides the opportunity to consider the economist's perspective on important policy issues. A key aspect of this module is the relationship of economics to current and ongoing policy problems.

The module introduces you to a variety of contemporary, mainly microeconomic, policy issues. Alongside formal lectures, it also consists of several workshops, which provide opportunities to develop and demonstrate your problem solving and analytical skills. They also give guidance and support for identifying sources in the literature, data relevant to economic research, analysis of data and the presentation of results orally, as well as in writing. This focus provides opportunities to develop a range of highly transferable skills and lay the foundations to the independent learning skills you require for many of the modules in Stage 3.

Learning Outcomes

On successful completion of this module student will:

- understand the concepts and frameworks used by economists to appraise policy
- have a better understanding of the issues confronted in the design of policy
- be more critical of policy debates conducted in the media, by politicians, policy bodies, think tanks and interest groups
- be practised in developing logical, coherent arguments both verbally and in writing
- be practised in conducting evaluations of actual economic policies
- have a better understanding of government intervention in modern economies including its motivation, targeting and consequences
- have developed economic and independent learning skills

Preliminary Reading

M Sawyer The UK Economy (16th ed), Oxford University Press, 2005

N Barr The Economics of the Welfare State, Oxford University Press, 2004

EC532	Environmental Economics, Institutions and Policy					
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Version	Campus	Term(s)	Level	Credit (ECTS)	Assessment	Convenor
1	Canterbury	Autumn	I	15 (7.5)	80% Exam, 20% Coursework	Fraser Prof I

Contact Hours

20 lectures, 10 seminars

Pre-requisites

EC302/EC304 Economics Mode A; EC305/EC306 Mathematics Mode A or B; EC309 Statistics

Method of Assessment

20% coursework, consisting of one class test and one 1,500 word essay; 80% written examination

Synopsis

This module introduces students to environmental economics and economics generally. A key objective of the module is to help you develop an ability to apply economic thinking to environmental problems. The module considers various aspects of environmental economics including why pollution occurs and how policy can be designed and implemented to deal with it, how to place economic value on the environment and an understanding of sustainable development in microeconomic terms.

The module is divided into three parts. In Part A we examine the relationship between the economy and the environment. In Part B we consider how environmental policy can be designed, implemented and evaluated in relation to environmental pollution. In Part C we examine issues of environmental valuation. This is a rapidly growing area of research in environmental economics. The emphasis in all parts of the course is to understand the links between theory and practice.

Learning Outcomes

By the end of this module students should:

- understand the main economic principles that underpin environmental economics
- be able to understand and be able to evaluate environmental policy instruments using economics
- be able to produce, interpret and explain values placed on the environment by economists
- understand the meaning of sustainable development from an economic perspective

Preliminary Reading

No specific textbook is recommended but good environmental texts include:

N Hanley, J F Shogren and B White Introduction to Environmental Economics, Oxford University Press, 2001

T Tietenberg and L Lewis Environmental and Natural Resource Economics (8th ed), Pearson International Edition

C D Kolstad Intermediate Environmental Economics (2nd ed), Oxford University Press, 2011

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EC533	The Public Sector					
Version	Campus	Term(s)	Level	Credit (ECTS)	Assessment	Convenor
1	Canterbury	Spring	I	15 (7.5)	80% Exam, 20% Coursework	Heady Prof C

Contact Hours

20 lectures, 10 seminars

Pre-requisites

EC302/EC304 Economics Mode A; EC305/EC306 Mathematics Mode A or B; EC309 Statistics

Method of Assessment

20% coursework, consisting of one class test and one 1,500 word essay; 80% written examination

Synopsis

The public sector consists of government (central and local) and government-owned enterprises. It represents a large share of the economy in most developed countries, in some cases exceeding 50% of GDP. The understanding of the role and behaviour of this sector of the economy is, therefore, important in the understanding of how modern economies function.

The aim of the module is to introduce students to public economics and how it informs and shapes policy decisions related to taxation and government expenditure. The main topic areas are as follows: the size and composition of government expenditure in the UK and other major economies; the efficiency arguments for public expenditures; the distributional arguments for public expenditures: the equitable provision of basic goods and essential services (education, healthcare); the allocation of expenditure responsibilities across levels of government (central, regional, local); the financing of government expenditures in the UK and other major economies: taxes, user fees, property income; the pattern of taxation in the UK and other major economies: personal income tax, corporate income tax, national insurance contributions, consumption taxes; the efficiency effects of taxation; the distributional effects of taxation; the trade-off between redistribution and efficiency and the concept of optimal taxation.

Learning Outcomes

The module will enable students to:

- understand the key arguments for public expenditure in terms of improving economic efficiency
- understand the key arguments for public expenditure in terms of providing a more equitable distribution of resources
- understand how taxation affects economic efficiency
- understand how taxation affects the distribution of resources
- develop knowledge of and be able to critically analyse the size, composition and structure of government expenditures in the UK and other major economies
- develop knowledge of and be able to critically analyse the pattern of the various methods of taxation size in the UK and other major economies
- understand the impact of the government's taxes and expenditures on labour supply, investment and growth
- understand the trade-off between redistribution and efficiency

Preliminary Reading

J Stiglitz Economics of the Public Sector, 3rd ed, Norton, 2000

J Hendricks and G Myles Intermediate Public Economics, MIT Press, 2006

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EC534 Financial Analysis

Version	Campus	Term(s)	Level	Credit (ECTS)	Assessment	Convenor
1	Canterbury	Spring	I	15 (7.5)	80% Exam, 20% Coursework	Chadha Prof J

Contact Hours

20 lectures, 6 seminars

Pre-requisites

EC302/EC304 Economics Mode A; EC305/EC306 Mathematics Mode A or B; EC309 Statistics

Method of Assessment

20% coursework, consisting of one essay; 80% written examination

Synopsis

The module asks what determines the set of equilibrium prices required to provide an appropriate level of savings in an economy to finance the level of expected activity. It tries to link models of money, banking and finance into one generic view. Specifically, we shall move towards an understanding of how financial and economic innovation have moved hand in glove over many centuries and how it seems to be that when finance fails, so does the modern market economy. Some of the questions we shall consider are:

How can we analyse the appearance of money in an economy?

What is the link between money and finance?

What explains bank runs?

Why is it so difficult to explain exchange rates?

Can we explain the occurrence of financial crises?

This second-year optional module emphasises both historical experience and analytical techniques. The economic analysis of financial markets and instruments is the starting point for understanding financial markets. This module is desirable for EC562 in the third year and other financial modules.

Learning Outcomes

By the end of the module, students will:

have improved analytical skills in using mathematics to analyse financial markets

have improved analytical skills in using mathematics to analyse financial markets

have developed the ability to solve financial problems and present their solutions orally and in written form

have improved the ability to relate intuitive and mathematical explanations of financial analysis

Preliminary Reading

Students should routinely read the latest journals from key policy making bodies, to relate financial developments back to class.

Weblinks:

<http://www.bis.org/publ/quarterly.htm>

<http://www.bankofengland.co.uk/publications/index.htm>

<http://www.ecb.int/pub/mb/html/index.en.html>

<http://www.ecb.int/pub/fsr/html/index.en.html>

<http://blogs.ft.com/wolfforum/>

<http://calibrecon.blogspot.com/>

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EC540		Development Economics				
Version	Campus	Term(s)	Level	Credit (ECTS)	Assessment	Convenor
1	Canterbury	Autumn	H	15 (7.5)	80% Exam, 20% Coursework	Thirwall Prof A

Contact Hours

12 lectures and 6 seminars

Pre-requisites

EC500 Microeconomics and EC502 Macroeconomics

Synopsis

There is a wide range of views and approaches to the study of economic development spanning the whole of the political spectrum from the Marxist left to the libertarian right, and also a rich historical literature. To understand the module, some prior knowledge of economic theory and statistics is required, and a willingness to read widely. But the aim of the module is to teach the basic principles of economic development in order to answer such questions as:

Why are there divisions in the world economy between rich and poor countries?

How did these divisions arise and what forces perpetuate them?

How important are such factors as agriculture, industry, investment performance, population growth, domestic finance, international finance and trade in explaining the economic performance of nations?

What role does economics in general have to play in an understanding of why some countries are poor and others rich?

Learning Outcomes

By the end of the module, you will be in a position to answer some of the most basic questions posed above. You will have been given the facts from journal articles and official publications (particularly from the World Bank) and you will have been taught the relevant economic theory to interpret and understand the facts from textbooks on economic development. Through essay writing, you will be able to write about issues in development economics in a sensible and intelligent way. You will be able to understand better the world around you and, through seminar presentations, to engage in lively debate on issues facing developing countries and the approaches to policy making. You will not only be more well-rounded economists, but you will also be fully trained to go on to further study if you wish, or to work with organisations concerned with developing countries including consultancy firms; many non-governmental organisations; international organisations, and government ministries.

Preliminary Reading

D Perkins, S Radelet and D Lindauer, *Economics of Development* (6th ed), 2006

M P Torado and S Smith *Economic Development in the Third World* (10th ed), Pearson Education, 2008

G Meier and J Rauch (eds) *Leading Issues in Development Economics* (8th ed), Oxford UP, 2005

G Secondi (ed) *The Development Economics Reader*, Routledge, 2008

A P Thirwall *Economics and Development: Theory and Evidence* (9th ed), Macmillan, 2011

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EC541	Economics Dissertation					
Version	Campus	Term(s)	Level	Credit (ECTS)	Assessment	Convenor
1	Canterbury	Autumn and Spring	H	30 (15)	60% Project, 40% Coursework	Bailey Dr A

Contact Hours

8 lectures/workshops, 3 supervisions, 1 presentation

Pre-requisites

EC500 Microeconomics, EC502 Macroeconomics, EC511 Quantitative Economics

Restrictions

EC564, EC565 cannot be taken with this module.

Single honours Economics BSc students should take either this module or EC564 Applied Economics Project and/or EC565 Extended Economics Essay.

Joint honours Economics students should take EC565 Extended Economics Essay. This module is optional but not advisable for joint honours students.

Method of Assessment

100% coursework: 20% research outline and draft chapter, 20% presentation, 60% dissertation final submission

Synopsis

This dissertation is a 30-credit module based on self-directed study, which allows you to develop a complete piece of work within the general field of economics, from the initial idea through to a final written report. It is unique amongst the modules you are taking towards your degree in Economics, both in the ways that you learn and in the ways that you are assessed. Your learning will be largely independent, but is supported by structured supervision from your dissertations supervisor.

Learning Outcomes

In completing this module, you will:

- be able to frame and motivate a research question
- improve your ability to retrieve information efficiently from library and web-based sources
- learn to manage your time well so as to complete the various stages of the dissertation on time
- improve your ability to analyse economic problems
- be able to carry out an in-depth investigation
- deepen your knowledge of one particular area of economics
- make a contribution towards knowledge about the topic you are investigating
- develop skills necessary to make concise and clear verbal presentations to a small or medium-sized audience
- have learned how to write a report of medium length

Preliminary Reading

Patrick Dunleavy Studying for a Degree in the Humanities and Social Sciences, Chapter 5

Sue Drew and Rose Bingham Student Skills, Gower, 1996, Chapters 7 and 8

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EC542 Econometrics I: An Introduction to Modern Econometrics using Stata

Version	Campus	Term(s)	Level	Credit (ECTS)	Assessment	Convenor
2	Canterbury	Autumn	H	15 (7.5)	80% Exam, 20% Coursework	Zhu Dr Y

Contact Hours

24 lectures/seminars and 6 computing classes

Pre-requisites

EC511 Quantitative Economics (or equivalent)

Method of Assessment

20% coursework consisting of two class tests worth 10% each; 80% end-of-year examination

Synopsis

This is a 15-credit module in applied econometrics using Stata (the most popular general-purpose statistical software package used by empirical economists), for students who have followed Stage 1 modules in mathematics and statistics and who have taken the Stage 2 module in quantitative methods (EC511) or equivalent. What distinguishes this module is the adoption of the modern learning-by-doing approach to teaching econometrics, which emphasises the application of econometrics to real world problems. The focus is on understanding the theoretical aspects that are critical in applied work and the ability to correctly interpret empirical results.

Learning Outcomes

By the end of the module you should be competent in applying the mathematical and statistical tools used in econometrics and should be able to:

handle real data with confidence

apply econometric methods of analysis to new circumstances

understand the conditions under which particular estimators are appropriate

apply the theoretical methods to numerical data

write and present technical material lucidly

understand the basic theory of the ordinary least squares, generalised least squares and instrumental variable estimators and panel data models

apply appropriate estimators to the type of numerical data given in seminar exercises and computing classes

interpret empirical results in applied economics literature

Preliminary Reading

C F Baum, Introduction to Modern Econometrics Using STATA, STATA Press, 2006

J M Wooldridge, Introductory Econometrics – A Modern Approach (4th ed), South-Western, 2009 (International Student Edition)

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EC543	Econometrics 2: Topics in Time Series					
Version	Campus	Term(s)	Level	Credit (ECTS)	Assessment	Convenor
2	Canterbury	Spring	H	15 (7.5)	50% Exam, 30% Project, 20% Coursework	Krolzig Prof H

Contact Hours

14 lectures and 6 seminar classes, 4 computer practical classes, all of 90 minutes each

Pre-requisites

EC511 Quantitative Economics (or equivalent) and EC542 An Introduction to Modern Econometrics using Stata

Method of Assessment

50% coursework consisting of an unseen test (10%), an applied computer exercise (10%) and an empirical project (30%); 50% end-of-year examination

Synopsis

Empirical research in macroeconomics as well as in financial economics is largely based on time series. Such time series, ie chronological sequences of observations, show the development of GDP, prices, interest rates and stock prices. The module offers an introduction to contemporary time-series econometrics, linking the theory to empirical studies of the macroeconomy. Topics include: stationary and non-stationary stochastic processes; linear autoregressive and moving average models; linear difference equations; autoregressive distributed lag models; cointegration and equilibrium correction; vector autoregressive models. These topics are illustrated with a range of theoretical and applied exercises, which are discussed in seminars and computer classes.

The module introduces students to the research methods used by macroeconomist in academia, government departments, think tanks and financial institutions. It also helps students to prepare for the quantitative requirements of a master programme in economics.

Learning Outcomes

On completion of the module, students will:

- understand the importance of the time series properties of economic data, and be able to test for unit roots
- understand the analysis of dynamic econometric models including autoregressive distributed lag models
- be able to formulate, estimate and interpret bivariate relationships between cointegrated series
- appreciate the importance of the role of stationarity for the properties of classical least squares estimation
- be able to specify, estimate and analyse vector autoregressive and vector equilibrium correction models
- comprehend the notion of causality and its limitations
- be able to determine the cointegration rank of a dynamic system
- be able to appraise and understand modern journal articles in applied time series econometrics
- be able to model economic relationships and solve econometric problems with software
- be able to communicate econometric concepts and findings

Preliminary Reading

J D Hamilton, Time Series Analysis, Princeton: Princeton University Press, 1994. Chapters 1-5, 7-8, 10-11, 15.
W Enders, Applied Economics Time Series (3rd ed), Wiley, 2010. Chapters 1-2, 4-6.

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EC544 Economic Integration in the EU

Version	Campus	Term(s)	Level	Credit (ECTS)	Assessment	Convenor
1	Canterbury	Spring	H	15 (7.5)	80% Exam, 20% Coursework	Davidova Prof S

Contact Hours

10 lectures, 6 seminar classes

Pre-requisites

EC500 Microeconomics and EC502 Macroeconomics (or equivalent)

Method of Assessment

20% coursework consisting of one class test (10%) and one essay (10%), 80% end-of-year examination

Synopsis

The European Union features strongly in all discussions of economic policy. Frequently economists are unable to provide a consistent analytical framework for the analysis of the various issues posed. In this module we explore the meaning and analysis of economic integration in the context of the EU. This provides a general introduction to the economic rationale for the existence of the EU, the working of some of its main policy areas, and a critique and assessment of the achievements to date. The module deals first with the origins of the EU, the theory of a Customs Union and Common Market and the questions of trade and convergence. Secondly, it deals with some specific policy areas, in particular labour market policies, common agricultural policy and regional policy. Thirdly, it covers the development, problems and relevance of monetary integration to the process of economic integration. At the end of this module you are expected to have some understanding of the basic theories underlying customs unions, of the process of growth and convergence of the EU and its main constituent economies, and of the rationale for, and coverage of policy intervention at EU level.

This is a module in applied economics and the emphasis throughout is on the development of appropriate economic theories and their application in the specific context of the EU. It is not concerned with the detailed discussion of the Treaties or the implementation of policy measures. Decision making in the EU is introduced in order to understand the question of the exercise of economic power. The nature of the economic role of the European Union is such that this involves a broad coverage of both microeconomics and macroeconomics, often involving applied issues and applied analysis going beyond that covered in the main theory courses.

Learning Outcomes

On completion of this module, students will:

have an understanding of the underlying theories of economic integration

have an understanding of the factors leading to increasing integration, customs union theories, common market theories, the role of imperfect competition and locational effects of European integration, common policies and convergence and be able to make an assessment of the impacts of future changes

have a knowledge of trends in trade, migration and convergence in the European Union, and a knowledge of relevant policies

have improved learning and writing skills from assignments and improved communication skills from seminar discussion and debate

have acquired analytical skills, enabling the identification of appropriate theoretical concepts to analyse the effects of economic integration

Preliminary Reading

Susan Senior Nello, *The European Union: Economics, Policies and History*, 2nd ed, 2009, McGraw Hill

J Pelkmans *European Integration: Methods and Economic Analysis* (3rd ed), Prentice-Hall, 2006

M Artis, F Nixson (eds) *The Economics of the European Union* (4th ed), Oxford, 2007

R Baldwin and C Wyplosz *The Economics of European Integration*, (3rd ed), McGraw-Hill, 2009

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EC545 Education, Skills and the Labour Market

Version	Campus	Term(s)	Level	Credit (ECTS)	Assessment	Convenor
2	Canterbury	Autumn	H	15 (7.5)	80% Exam, 20% Coursework	Gosling Dr A

Contact Hours

11 lectures, 12 seminar classes

Pre-requisites

EC500 Microeconomics and EC502 Macroeconomics

Method of Assessment

20% coursework consisting of one class test (10%) and one essay (10%), 80% end-of-year examination

Synopsis

The module focuses mainly on earnings and their determinants, with an emphasis on skills. We examine the distribution of earnings, the decisions to invest in education and training, and the role that education and skills play in determining earnings. We also include an analysis of some key policies in the domain of education and the labour market, and discuss institutional and other explanations for observed differences in earnings later in the term. Throughout the module, we attempt to integrate theoretical issues, empirical evidence and questions of policy, drawing on research covering a range of OECD countries.

Learning Outcomes

By the end of the module, you will:

- understand how economists have rationalised earnings differentials between individuals and over time
- be able to appraise the theoretical and empirical literature on competitive and non-competitive models of wage determination
- have knowledge of the debate as to the importance of schooling and training and their financing
- have acquired problem solving skills, enabling the identification of appropriate theoretical concepts and the manipulation of information to reach a solution
- have developed communication skills in seminars and through writing coursework essays

Preliminary Reading

G Borjas Labour Economics, McGraw-Hill, 2003

T Hyclak, G Johnes and R Thornton Fundamentals of Labor Economics, Houghton Mifflin, 2005

R Dickens, P Gregg and J Wadsworth (eds), The Labour Market Under New Labour: The State of Working Britain, 2003, Macmillan

EC546 Games for Economics and Business

Version	Campus	Term(s)	Level	Credit (ECTS)	Assessment	Convenor
1	Canterbury	Spring	H	15 (7.5)	80% Exam, 20% Coursework	Piracha Dr M

Contact Hours

10 lectures and 6 seminars

Pre-requisites

EC500 Microeconomics

Method of Assessment

20% coursework consisting of two class tests, 80% end-of-year examination

Synopsis

The growing use of game theory by economists suggests that a professional economic education is incomplete without a firm understanding of this new tool. The module builds on the microeconomic theory introduced during the second year of study. All the topics use examples capturing real life events, and help you understand the use of game theory as a tool of theoretical analysis. Understanding of the basic principles of game theory will make you a better strategist! Topics include simultaneous-move games, Nash equilibrium, Cournot duopoly, Bertrand duopoly, sequential-move games, and principal-agent games.

Learning Outcomes

The module will:

- provide you with the ability to use game theory as a tool of economic analysis
- enable you to understand and appreciate the implications of informational problems that arise in everyday economic situations
- improve your problem-solving ability, as well as ability to present, both verbally and in writing, economic arguments

Preliminary Reading

P Dutta Strategies and Games: Theories and Practice, MIT Press, 1999

R Gardner Games for Business and Economics, Wiley, 1995

R Gibbons A Primer in Game Theory, Harvester, Wheatsheaf, 1992

H S Bierman and L Fernandez Game Theory with Economic Applications, Addison-Wesley, 1995

A Dixit and S Skeath Games of Strategy (2nd ed), W W Norton, 2004

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EC547		Industrial Economics				
Version	Campus	Term(s)	Level	Credit (ECTS)	Assessment	Convenor
1	Canterbury	Autumn	H	15 (7.5)	80% Exam, 20% Coursework	Garcia-Alonso Dr M D C

Contact Hours

11 lectures and 6 seminars

Pre-requisites

EC500 Microeconomics

Method of Assessment

20% coursework consisting of one class test (10%) and one essay (10%), 80% end-of-year examination

Synopsis

Industrial Economics studies why and how firms and industries behave and interact with each other. This is probably one of the most important and interesting areas in economics. Understanding firms' behaviour is relevant not only to the firms but, also to the governments that design industrial policies in order to favour consumers without decreasing firms' efficiency.

During the module, we deal with issues that are present in everyday news: anti-competitive practices, the effect of market power on consumer welfare and the incentives for product innovation. You have the chance to discuss and understand many of these topics in a deeper and more economically informed way.

This module has been designed for students who have already taken intermediate microeconomics. You are encouraged to apply economic analysis and techniques to understand the behaviour of firms and industries.

Learning Outcomes

By the end of this module you will be able to:

understand and apply the basic concepts of game theory to the analysis of firms' strategic behaviour

explain how firms' decisions regarding price, advertising and R&D can be modelled and evaluate the impact of those decisions on the structure and performance of markets

identify the implications of the theory for the design and implementation of industrial policy and to critically evaluate the application of industrial policies in the UK and other countries

follow analysis of economic problems, construct your own economic arguments and offer critical comments on the arguments of the others

present economic arguments and ideas in seminars and essays

Preliminary Reading

D Richards, G Norman, L Pepall Industrial Organization: Contemporary Theory and Empirical Applications (4th ed), South Western College Publishing, 2008

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EC548 International Finance

Version	Campus	Term(s)	Level	Credit (ECTS)	Assessment	Convenor
1	Canterbury	Spring	H	15 (7.5)	80% Exam, 20% Coursework	Leon-Ledesma Prof M

Contact Hours

10 lectures, 6 seminar classes

Pre-requisites

EC502 Macroeconomics

Method of Assessment

20% coursework test, 80% end-of-year examination

Synopsis

When we open a newspaper or an economics and business magazine, some of the topics that are constantly present relate to monetary and financial relations between countries. A good deal of political debate is also concentrated around the various aspects that constitute international finance. However, these debates do not allow us to understand their theoretical underpinnings. This is what we are going to study in this topic from a rigorous perspective. The first part of the module deals with some basic concepts of international macro such as the balance of payments and exchange rates. We then go on to analyse the impact of opening up the economy on the alternative macroeconomic policies available. In that part we also analyse the main factors that determine the exchange rates between currencies, and the power of the different models proposed. The third part of the module deals with 'hot topics' in international finance. We discuss the benefits and drawbacks of fixed and floating exchange rates, the concept of a speculative attack, understand current account imbalances from an inter-temporal perspective, and how world macroeconomic imbalances drove the 2008/09 international financial crisis and recent sovereign debt crisis in Europe.

The module has both a theoretical and an applied emphasis in order to insert the available theories into the real problems of the world economy. It does not analyse the detailed workings of international financial markets or questions related to firm financial management in international capital markets but students interested in these aspects can acquire basic foundations that are fundamental in understanding the context in which firms and governments work.

Learning Outcomes

By the end of the module you will:

have built upon previously taken intermediate macroeconomic courses and improved the ability to use macroeconomic analysis
have a understanding of the basic theory of international macroeconomics and finance

have a theoretically and empirically rooted understanding of the main debates and problems of open economy macro and policies, exchange rate determination, monetary integration and international financial relations

be able to assess the main debates on international financial problems arising in newspapers and specialised magazines (critical thinking)

have improved learning skills, especially those concerned with understanding and applying macroeconomic models to real-life problems. This also enhances your analytical, numeracy and problem-solving skills through the working and application of the models taught

have improved writing skills from essay and exam writing and communication skills from seminar debates

be able to undertake postgraduate (Masters) degrees with macroeconomic content

Preliminary Reading

L Copeland Exchange Rates and International Finance, Prentice Hall, 2008

K Pilbeam International Finance (3rd ed), Palgrave, 2006

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EC549 International Trade

Version	Campus	Term(s)	Level	Credit (ECTS)	Assessment	Convenor
1	Canterbury	Autumn	H	15 (7.5)	80% Exam, 20% Coursework	Garcia-Alonso Dr M D C

Contact Hours

12 lectures and 6 seminars

Pre-requisites

EC500 Microeconomics and EC502 Macroeconomics

Method of Assessment

20% coursework consisting of two essays (10% each), 80% end-of-year examination

Synopsis

The study of international trade has always been an especially lively and controversial area in economics. Yet there was never a time when the study of international trade was as important as today. The economies of the different countries are more dependent on each other than they have ever been before, meaning that, among other things, regional crises can spread throughout the world. Keeping up to date with this changing international environment and being able to understand the dynamics behind it is of key importance to firms and governments.

Learning Outcomes

By the end of this module, you will be able to:

- understand the traditional and modern theories that explain the existence of inter-industry and intra-industry trade
- evaluate the relevance of the different instruments of trade policy
- follow, assess and evaluate world trade negotiations
- evaluate theoretical and applied studies concerning international economic issues and policies
- follow analysis of economic problems, construct your own economic arguments and offer critical comment on the arguments of others
- present economic arguments and ideas in seminars and essays
- work in a group on economics seminar problems

Preliminary Reading

C Van Marrewijk International Trade and the World Economy, Oxford University Press, 2002

P R Krugman and M Obstfeld International Economics, Theory and Policy (7th ed), Addison-Wesley, 2009

D R Appleyard, A J Field and S L Cobb International Economics, McGraw-Hill, 2010

EC550 Monetary Economics

Version	Campus	Term(s)	Level	Credit (ECTS)	Assessment	Convenor
1	Canterbury	Autumn	H	15 (7.5)	80% Exam, 20% Coursework	Satchithanathan Dr M

Contact Hours

11 lectures, 6 seminar classes

Pre-requisites

EC502 Macroeconomics (or equivalent)

Method of Assessment

20% coursework consisting of one class test (10%) and one essay (10%), 80% end-of-year examination

Synopsis

This final year optional module covers a variety of monetary issues from both a theoretical and a policy perspective. It starts with an introduction to the role of money in the economy, and theories of money supply and demand. A discussion of the IS/LM model gives a basic foundation for analysing how monetary policy affects the economy, and a first theoretical perspective on the neutrality of money – ie whether monetary policy has real effects on the macroeconomy, in either the short or long run. This is followed by a discussion of other theoretical perspectives on neutrality, and relevant evidence. If monetary policy does have real effects, how are these brought about and what are the implications for monetary transmission? The remainder of the module discusses current issues in monetary policy – the goals of monetary policy and how these are expressed in modern simple models of monetary policy, central bank independence and inflation targeting.

Learning Outcomes

By the end of the module, students are expected:

- to understand the determinants of money demand and money supply
- to understand the ways in which monetary policy can affect the real economy
- to understand the issues involved in developing a modern, effective framework for conducting monetary policy; for instance the role of inflation targeting and central bank independence
- to be able to carry out research in monetary economics both independently and as part of a group
- to have developed communication skills in seminars and through writing coursework essays
- to be able to study monetary economics at postgraduate level

Preliminary Reading

Blinder, Alan Central Banking in Theory and Practice, Cambridge, The MIT Press, 1998

Frederic Mishkin The Economics of Money, Banking and Financial Markets (9th ed), Addison-Wesley

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EC553 Public Economics

Version	Campus	Term(s)	Level	Credit (ECTS)	Assessment	Convenor
3	Canterbury	Spring	H	15 (7.5)	80% Exam, 20% Coursework	Cartwright Dr E

Contact Hours

10 lectures, 6 seminars

Pre-requisites

Stage 2 Economics modules

Method of Assessment

20% coursework consisting of a class test (10%) and an essay (10%), 80% end-of-year examination

Synopsis

To understand and be able to evaluate the role played by government in the economy it is important to understand key elements of microeconomic analysis and then be able to apply this understanding to the practical evaluation of policy issues. Economic theory is typically a positive science with right and wrong answers but evaluating policy issues is a much more normative science where there are often no correct answers (just opinions). The module reflects these two sides of studying public economics: the first half builds an understanding of the economic theories and tools we can use to evaluate government intervention. This theory is then applied in the second half of the module to look at a number of specific, topical policy questions.

Learning Outcomes

By the end of the module you will be able to:

- elaborate on the economic arguments for and against government provision of goods
- discuss the problems associated with collective decision making
- apply economic theory in evaluating policy questions on issues such as health and education

Preliminary Reading

J Stiglitz *Economics of the Public Sector* (3rd ed), Norton, 2000

N A Barr *The Economics of the Welfare State* (3rd ed), Oxford UP, 1998

J Le Grand, C Propper and R Robinson *The Economics of Social Problems* (3rd ed), Macmillan, 2008

J Gruber *Public Finance and Public Policy* (3rd ed), 2010

EC562 Economics of Finance 1

Version	Campus	Term(s)	Level	Credit (ECTS)	Assessment	Convenor
1	Canterbury	Autumn	H	15 (7.5)	80% Exam, 20% Coursework	Chadha Prof J

Contact Hours

11 lectures, 5 seminars

Pre-requisites

EC500 Microeconomics, EC502 Macroeconomics, EC534 Financial Analysis

Method of Assessment

20% coursework, 80% end-of-year examination

Synopsis

The economic analysis of financial markets and instruments is the starting point of financial economics and this module provides a concise overview of capital markets, emphasising both practical knowledge and analytical techniques. Specifically, it focuses on the structure of each financial market (such as the trading volume and investors in it), recommended investment strategies for a specific type of investors, and market conventions. Several useful mathematical skills are explained.

The module first introduces key principles, such as discounting, diversification, no arbitrage and hedging, and then discusses each asset class, such as bonds, equities and their derivatives (instruments), emphasising the general idea behind them. Although different types of assets require different methods of valuations and risk control, the basic principles are common to all asset classes. The asset liability management (ALM) and other related topics are also presented.

Learning Outcomes

By the end of the module, you will:

- improved your analytical skills in using mathematics to analyse financial markets
- have developed the ability to solve financial problems and present your solutions orally and in written form
- have improved your ability to relate intuitive and mathematical explanations of financial analysis
- understand the different methods of risk control and valuation of different financial assets
- understand and be able to use the concepts of discounting, diversification and Capital Asset Pricing Model, asset/liability management, arbitrage and hedging and understand the different types of asset class
- have improved your internet literacy in collecting and processing information from the internet and other sources

Preliminary Reading

<http://www.bis.org/publ/quarterly.htm>

<http://www.bankofengland.co.uk/publications/index.htm>

<http://www.ecb.int/pub/mb/html/index.en.html>

<http://www.ecb.int/pub/fsr/html/index.en.html>

Financial press, eg the Financial Times and the Wall Street Journal

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EC563 Economics of Finance 2

Version	Campus	Term(s)	Level	Credit (ECTS)	Assessment	Convenor
1	Canterbury	Spring	H	15 (7.5)	80% Exam, 20% Coursework	Shibayama Dr K

Contact Hours

10 lectures, 6 seminars

Pre-requisites

Recommended: EC500 Microeconomics, EC502 Macroeconomics, EC550 Monetary Economics, EC562 Economics of Finance 1

Method of Assessment

20% coursework (two class tests), 80% end-of-year examination

Synopsis

The module develops your skills in asset pricing and understanding of theoretical basis of this subject. It stresses practical training in asset pricing.

The two main topics in the module are investors' utility maximisation and arbitrage theory in derivative pricing. It discusses the arbitrage theory mainly in discrete time models. The applications of option theory to business and real life situations are also intuitively discussed without using rigorous mathematical models.

Although the module requires mathematical knowledge, its aim is to offer practical training, putting stress on the intuitions and heuristics behind theorems and formulae, rather than their rigorous derivations and semantic definitions. Moreover, you are not only expected to understand theories but also expected to master how to use them.

Learning Outcomes

By the end of the module, you will

understand the investors optimisation and relevant concepts such as risk aversion and no-arbitrage

understand the theoretical basis of the risk-neutral probability/measure

be able to construct a proper tree model to find the fair price of a non-standard financial derivative given the historical price data of its underlying asset

be able to use the Black-Schoels model in calculating the delta hedge

become more familiar with financial data and numerical computation

have developed your logical thinking and analytical skills through a deeper understanding of risk and return

become more independent in the use of your problem solving abilities

EC564 Applied Economics Project

Version	Campus	Term(s)	Level	Credit (ECTS)	Assessment	Convenor
1	Canterbury	Autumn	H	15 (7.5)	80% Project, 20% Coursework	Bailey Dr A

Contact Hours

5 lectures, 8 computing workshops, 1 group presentation session

Pre-requisites

EC511 Quantitative Economics

Restrictions

EC541 cannot be taken with this module

Method of Assessment

100% coursework: 20% group presentation and 80% final project paper

Synopsis

The aim of this module is to provide a structured environment in which you can conduct your own empirical research. All stages of research are covered, ie identification of a research question, collection of data, preliminary data description, final analysis and the interpretation and writing up of results. You should end up with a project that looks very like a research paper (or an undergraduate dissertation). This can be achieved within the timescale of a 15 credit module as you will be working together as a group for some tasks and will be given a workbook that clearly lays out what is expected at each stage of research.

Learning Outcomes

On completing this module, you will:

be able to use a software package to analyse data

be able to present the results of your analysis in graphs and tables

be able to interpret your statistical results in the context of econometric and economic theory

have developed analytical, IT and numerical skills through the use of applied statistics to a specific economic topic

have developed your critical thinking and analytical skills through a deeper understanding of the application of econometric methods

have become more independent in the use of their problem solving abilities

have improved your IT, numerical and communication skills in presenting written reports on the interpretation of your statistical results

have improved their group working skills

have improved their oral presentational skills

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EC565 Extended Economics Essay

Version	Campus	Term(s)	Level	Credit (ECTS)	Assessment	Convenor
1	Canterbury	Spring	H	15 (7.5)	80% Project, 20% Coursework	Gosling Dr A

Contact Hours

6 lectures, 1 hour's individual supervision

Pre-requisites

EC500 Microeconomics and EC502 Macroeconomics

Restrictions

EC541 cannot be taken with this module

Method of Assessment

100% coursework: 20% poster session, 80% final essay

Synopsis

The module aims to provide an alternative to the EC541 dissertation option for students. In this module, rather than conducting an original piece of research, you are given a set of questions with readings. You can also construct your own question so long as it is approved. You chose a question and (with help from your supervisor) write a 5,000 word essay on this question. The material covered in these essays is typically broader than that explored in the dissertation option and there is no requirement to make any 'contribution to knowledge'. However, the essays still demand more independent work than required for coursework in other modules. You are expected to read round the question AND to assimilate concepts and ideas not covered in lectures.

Learning Outcomes

On completion of this module, you will have

improved your ability to analyse economic problems

deepened your knowledge of one particular area of economics

carried out an in-depth critical investigation of a topic

completed a written critical review of the literature in one area of economics

improved your ability to retrieve information efficiently from library and web-based sources

learned to manage your time well so as to complete the various stages of the critical review on time

learned how to write a report of medium length

improved your graphic, oral and written communication skills

EC566 Macroeconomics for Business

Version	Campus	Term(s)	Level	Credit (ECTS)	Assessment	Convenor
1	Canterbury	Spring	I	15 (7.5)	80% Exam, 20% Coursework	Fraser Prof R

Contact Hours

24 lectures, 11 seminars, 3 workshops

Pre-requisites

EC313 Microeconomics for Business

Restrictions

Not available to students taking or who have taken EC500 Microeconomics or EC502 Macroeconomics

Method of Assessment

20% coursework, consisting of one extended essay. 80% written examination

Synopsis

The aim of the module is to develop your understanding of the principles of macroeconomics as they relate to business. We go on to see how these principles can help you to understand the current macroeconomic policy debate and they are applied to common macroeconomic situations you will meet in business.

Learning Outcomes

Students will be able to understand aggregate demand, aggregate supply and the operation of the macroeconomy, and how public policies affect the macroeconomy

Students will be able to apply fundamental macroeconomic principles and manipulate simple economic diagrams of relevance to business

Students will be able to read about, discuss and form an opinion regarding current macroeconomic policy

Preliminary Reading

R Lipsey and A Chrystal Economics (11th ed), Oxford University Press, 2007

J Sloman and K Hinde, Economics for Business (4th ed), Prentice Hall, 2007

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EC567 Economics of Gender, Children and the Family

Version	Campus	Term(s)	Level	Credit (ECTS)	Assessment	Convenor
1	Canterbury	Spring	H	15 (7.5)	80% Exam, 20% Coursework	

Contact Hours

12 lectures, six seminars

Pre-requisites

EC500 Microeconomics and EC305 Mathematics Mode A or EC306 Mathematics Mode B

Method of Assessment

One 1500-word coursework essay (20% of total module mark) and the final examination (80% of total module mark)

Synopsis

This is a 15 Credit Stage 3 optional module in applied labour and family economics. Its aim is to introduce you to a broad range of the methods and models applied by economists on family related issues. These issues include partnership formation and dissolution, intra-household allocation, education, work and pay from a family perspective, investment in children, and inter-generational mobility. These phenomena are modelled as the outcomes of rational-choice processes, with hypotheses concerning these choices evaluated in the context of relevant empirical evidence. We focus on public policies influencing decisions within families such as fertility, labour supply and investment in human capital of children.

Learning Outcomes

By the end of the module you should:

- understand the key concepts and frameworks used by economists to analyse family issues
- have a better understanding of the family issues confronted in the design of policy
- be more critical of policy debates conducted in the media and by politicians
- be more practised in developing logical, coherent arguments both verbally and in writing
- be practised in conducting evaluations of actual family policies
- have a better understanding of government intervention in modern economies including its motivation, targeting and consequences
- have developed economic and independent learning skills
- be practised in reflective learning

Preliminary Reading

N Barr, *Economics of the Welfare State*, Oxford University Press, 2003

G Becker, *Treatise on the Family*, Princeton University Press, 1990

T Boeri, D Del Boca, and C Pissarides, *Women at Work*, Oxford University Press, 2005

D Checchi, *The Economics of Education: Human Capital, Family Background and Inequality*, Cambridge University Press, 2008

J Ermisch, *An Economic Analysis of the Family*, Princeton University Press, 2003

Y Weiss, 'The Formation and Dissolution of Families: Why Marry, Who Marries Whom, and What Happens Upon Marriage and Divorce?' in M Rosenzweig and O Stark (eds) *Handbook of Population and Family Economics*, Elsevier Press, 1997

EC568 World Economics and Financial History: From the 19th Century to the Pre

Version	Campus	Term(s)	Level	Credit (ECTS)	Assessment	Convenor
1	Canterbury	Autumn	H	15 (7.5)	80% Exam, 20% Coursework	

EC569 Economic Growth

Version	Campus	Term(s)	Level	Credit (ECTS)	Assessment	Convenor
1	Canterbury	Spring	H	15 (7.5)	80% Exam, 20% Coursework	