NOTE: This Guide Book is an evolving item, updated as new information comes to hand. It is designed to be helpful rather than prescriptive. It is not the regulations but forms part of our understanding in working together. NRN

Urgent:
- Please let me and the lecturers know if you cannot attend any classes
- Complete the Subject Selection form for both S1 and S2 soon – sign it; you can change subjects later if you want and I am able to approve them. The link is http://fbe.unimelb.edu.au/csc/programs/honours
- Start reading/thinking/taking notes on your proposed research topic
- Keep direct contact with me on anything that might affect your work in HEP

Plagiarism
The University of Melbourne and I take plagiarism very seriously. For information, see http://academichonesty.unimelb.edu.au/index.html.

Key HEP Dates for 2014

<table>
<thead>
<tr>
<th>What’s Due</th>
<th>Date</th>
<th>Place</th>
</tr>
</thead>
<tbody>
<tr>
<td>Welcome Lunch</td>
<td>Friday 28th February</td>
<td>4th floor FBE</td>
</tr>
<tr>
<td>Topic Area Choice</td>
<td>Tuesday, 11 March</td>
<td>Email to NRN by noon</td>
</tr>
<tr>
<td>Formal Research Proposal</td>
<td>Friday 21 March</td>
<td>Email to NRN by noon</td>
</tr>
<tr>
<td>Student adviser Bids</td>
<td>Friday 4 April</td>
<td>In ECON40016 Lecture</td>
</tr>
<tr>
<td>Advisers Notified to Honours and Masters students</td>
<td>By JL and NN by/on Wednesday 9 April</td>
<td>Email to students</td>
</tr>
<tr>
<td>First Semester Progress Report</td>
<td>Monday, 5 May</td>
<td>To HEC14 by email by 4pm</td>
</tr>
<tr>
<td>First Semester Presentations</td>
<td>19-21 May</td>
<td>TBA</td>
</tr>
<tr>
<td>Mid-year break research progress report</td>
<td>Wednesday 30 July</td>
<td>Email to NRN by noon</td>
</tr>
<tr>
<td>Research Essay First Full Draft for Adviser review</td>
<td>To Adviser on or before Friday 26 Sept. Returned by 10th October</td>
<td>To advisers directly: soft copy to HEC14</td>
</tr>
<tr>
<td>Second Semester Presentations</td>
<td>22-24 September</td>
<td>TBA</td>
</tr>
<tr>
<td>Research Essay Submission</td>
<td>Friday 17th October – staged receipts</td>
<td>To HEC13 Room 412 FBE directly by noon</td>
</tr>
</tbody>
</table>

Select a Topic Area— the 2013 list is here

Meet/”select” An Advisor –
The HoD Economics has advised this list for BOTH Masters and Honours
As advised 29th January 2014

<table>
<thead>
<tr>
<th>Advisers</th>
<th>number of advisees</th>
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</thead>
<tbody>
<tr>
<td>Mabel Andalon</td>
<td>X</td>
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<tr>
<td>Reshad Ahsan</td>
<td>XXX</td>
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<tr>
<td>Georgy Artemov</td>
<td>XX</td>
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<tr>
<td>Peter Bardsley</td>
<td>XX</td>
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<tr>
<td>Victoria Baranov</td>
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<tr>
<td>David Byrne</td>
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<tr>
<td>Andrew Clarke</td>
<td>XXX</td>
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<tr>
<td>Mick Coelli</td>
<td>XXX</td>
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<tr>
<td>Mei Dong</td>
<td>XX</td>
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<tr>
<td>Nisvan Erkal</td>
<td>XX</td>
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<tr>
<td>Matthew Greenwood-Nimmo</td>
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<tr>
<td>Liana Jacobi</td>
<td>XXX</td>
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<tr>
<td>Kei Kawakami</td>
<td>XXX</td>
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<tr>
<td>May Li</td>
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<td>Phillip McCalman</td>
<td>XXX</td>
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<td>Leslie Martin</td>
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<td>Guy Mayraz</td>
<td>XXX</td>
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<td>Barry Rafferty</td>
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<td>Kalvinder Shields</td>
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<td>Chris Skeels</td>
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<tr>
<td>Rhonda Smith</td>
<td>X</td>
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<tr>
<td>Yong Song</td>
<td>X</td>
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<tr>
<td>Kevin Staub</td>
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<tr>
<td>Eik Swee</td>
<td>XXX</td>
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<tr>
<td>Lawrence Uren</td>
<td>XX</td>
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<tr>
<td>Tomasz Wozniak</td>
<td>XXX</td>
</tr>
<tr>
<td>Jun Xiao</td>
<td>XXX</td>
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</tbody>
</table>
CONTENTS of the HEP14 Guide Book

1. Honours Co-ordinator and Role
2. Why do Honours in Economics (HEP)?
3. Why do Honours at the University of Melbourne?
4. The Honours Year, HEP
5. Honours Requirements
6. Application Process
7. Honours Subjects in HEP14
8. Subjects Offered in HEP 2014
9. The Research Essay

Appendix A: template for the Honours Economics Essay
1. **Honours Economics Co-ordinator (HEC)**

(Assoc. Prof.) Neville R. Norman (HEC, 2014)
Room 422 FBE Building, 111 Barry Street, 3010
Phones: 03 8344 5327 (uni); 0414 653 770 (mobile); 03 9592 6120 (home)
E-mail addresses: n.norman@unimelb.edu.au

As Honours Economics co-ordinator (HEC) my task is to lead and manage the research essay subject (ECON40016) and administer the program overall. These include selection, approval of all Economics Honours subjects, subject changes and (together with the Head of Department) to determine the result for the year as a whole. An email to me with questions or to make an appointment is perhaps the most reliable means of contact. I have given my home and mobile home numbers as well as my uni. contact details: “I encourage all students to see me as mentor and friend and contact me at any time if help is needed or any difficulty arises.” (NRN)

**Please note very carefully:** to gain entry to our program in 2014 is a great ‘honour’ and reflects your own very strong previous academic attainment. Equally, there are scores of applicants whose third-year marks would have gained entry previously and who have been rejected for 2014. Don’t waste this opportunity for a rich and rewarding academic and personal opportunity: you earned it if you gained selection for HEP14. Now make the most of it! I’ll help all I can, as I did in 2012/13. The rest is up to you. Based on 2012 and 2013’s experience, any problem we ever encountered (mercifully few) arose from people not contacting me early enough, or at all. I had a Skype call from a distressed student at 2am – I was still working! - and persuaded the student to stay in the course when they were under stress. They took an H1 and finished in glory. I persuaded three other HEP12/13 students to take leave of absence (others did too) and I think that was also the right decision for them. The moral: see me as a friendly uncle! That’s my job. (NRN)

Because I get to know most of you, personally and academically, I can advise and counsel you and I am asked to write testimonials for employment and higher-degree study, commonly overseas. I am pleased to do this and in an excellent position to do it.

2. **Why do Honours in Economics (HEP)?**

An Honours year provides advanced knowledge of Economics, and the opportunity to develop research skills through the research essay, essential training for a professional economist.

An Honours degree is normally considered by employers as the minimum qualification required for a professional economist. This is particularly true for departments and agencies of federal and state governments, for example, the Treasury, the Reserve Bank and Productivity Commission, and public enterprises, for example, transport and water authorities. Many employers of economists in the private sector require economics majors with at least an honours degree. Economics honours graduates find employment in both large and small private companies and in private consultancy operations.

Financial institutions are more interested in students who exhibit an aptitude to learn, to adapt to changing situations and who show both depth and breadth of knowledge. The major trading banks and merchant banks, superannuation and insurance companies and credit ratings agencies employ honours graduate in economics.

Career advancement is more rapid for honours graduates. Initial salary rates for honours graduates are higher than those for ordinary-degree graduates and job tasks tend to be more varied, interesting and research-orientated.

Possession of a good Honours degree assists in obtaining scholarships and other forms of financial support to undertake higher degree studies in Australia and overseas.
3. Why do Honours HERE: at The University of Melbourne?

At The University of Melbourne (its formal name), honours students undertake advanced small-group lectures courses not otherwise available and work under supervision on a tightly-focussed research essay which contributes one quarter towards the final honours grade. For many students this is the most rewarding aspect of the program as it enables students to undertake their own research in an area of economics in which they are interested. A high-quality research essay provides a strong signal to employers of the research capabilities of a prospective employee.

The Honours degree opens up the possibility of proceeding to graduate studies. The University of Melbourne is very successful in placing students in PhD programs in North America and the U.K. Melbourne long-standing reputation for excellence helps immensely. We also advise on "life after HEP" formally and personally.

The HEP course has an excellent track record of attracting students from universities in Australia and overseas. Graduates have proceeded to fulfilling and successful careers in many different parts of the economy and globe. In 2013, at least 12 students made direct PhD applications following their first-class degrees, and even more made master degree applications. I have not heard of any of these not coming to some success.

4. The Honours Year, which we call “HEP”

The Honours year is a fourth year of specialised study in economics and related areas. It is open to students wanting either to specialise in economics. It is an integrated program with an emphasis on research, economic theory, empirical research and its application to the analysis of options in policy and decisions facing businesses. The program encourages not only skill development but also consciousness and critical appreciation of what you are doing and of the tools and approaches to economics that we use.

The Honours year is a full-time course, normally taken immediately after finishing the requirements for the three-year pass degree. The course consists of six semester-long (12.5 point) subjects in economics and related areas, and a research essay which is given the weight of two subjects and is taken over the two semesters.

Grades are awarded for each individual subject and an overall grade result is returned for the course as a whole. Students are required to complete the equivalent of eight subjects (being six plus the research report) and to obtain a minimum of a pass in each of them. Students are not permitted to repeat an honours subject/component for which they have received a mark of less than 50%. The honours degree is only awarded to students who pass all subjects of the course and who complete the year with an average grade of H3 (65%) or higher. In determining the final grade, individual subjects are weighted according to the points that they carry. That is the first and main approach for most assessments. No completing student failed to gain this grade in 2012 or 2013, but failure has occurred in the past.

5. Honours Requirements

To be eligible for admission to Honours in economics students must have satisfied the requirements for a major in economics in the pass degree. For the B. Com and B.A. at Melbourne, students should complete:

- ECON30009 (316-312) Macroeconomics; and
- ECON30010 (316-313) Microeconomics; and
- ECOM30001 (316-316) Basic Econometrics or ECOM30002 (316-317) Econometrics.
Students with degrees from other universities should have subjects which cover similar standard and coverage of material at a genuine Melbourne-equivalent third-year level. If such students are in doubt about these requirements they should study the course details and the requirement for rigor embodied in them.

**Selection into Honours is at the discretion of the Head of the Department of Economics. The program is managed by the HEP Co-ordinator (HEC), the author of this GuideBook**

The course is limited to a maximum number of (less than) 45 students in any one year and is at the discretion of the Head of Department. The marks requirements are varied to achieve these requirements. The target number is 30-45 students. For selection into HEP14, the cut-off was a mean mark in the core 3 subjects of 76.0% and a requirement of each subject considered carried marks 70 or above.

Students accepted in HEP are strongly advised to give early consideration to a topic for their fourth-year research essay. Approval will need to be obtained for the topic during (preferably, early in) the first semester of the Honours year. The Welcome lunch just before term starts is designed to facilitate this process, as most Advisers will be there. Some students are already working on their research topic BEFORE first semester begins. There is a close correlation between Research Report marks and early commencement of the research under close supervision.

6. **The application process**

Students should use the UniMelb website and apply through the Commerce Students’ Centre (Rachael Brennan).

7. **Honours Subjects in HEP14**

Students are required to successfully complete the equivalent of eight subjects (100 points) in fourth-year honours. Students must complete the following subjects:

- ECON40001 (316-402) Advanced Microeconomics; and
- ECON40002 (316-403) Advanced Macroeconomics; and
- ECON40016 (316-475) Economics Research Essay; and
- By the end of the honours year students must have completed at least one level-3 or level-4 econometrics subject in addition to ECOM30001 (316316): Basic Econometrics, or ECOM30002 (316317): Econometrics. Most will choose ECOM40006 (316470) Econometric Techniques. This subject is not available to those having completed only Basic Econometrics. Eligible third-year econometrics subjects are ECOM30003 (316-318) Applied Microeconomic Modelling and ECOM30004 (316-350): Time Series Analysis and Forecasting.
- Three other subjects in economics/econometrics (and if the econometrics requirement has been satisfied previously, then four other subjects). Normally these elective subjects would be level-4 economics/econometrics subjects.

Students may choose up to two level-3 economics subjects (to include an econometrics subject) and one subject from another department within the University with the Honours co-ordinator’s approval.

8. **Subjects Offered in HEP 2014**

**Note on subject identification nomenclature:** A short, unequivocal descriptor of subject codes I have devised and used is as follows: ECON40001 can be written for our purposes as N4-1, while for instance ECOM90014 is simply M9-14. I use these codes below. Any subject outside the domain of ECON or ECOM will be written in full.
**HEP14 students** have little choice in semester 1. They mostly do 4 (100 point) standard ‘subjects’ in S1: level 4 AdvMicro, AdvMacro and Economics Research Report: precisely N4-1, N4-2, and N4-16, with Econometric Techniques (M4-6). The first two subjects above and M4-6 are assessed at the end of S1. The subject co-ordinators are AdvMicro: Claudio Mezzetti and Georgy Artemov; AdvMacro: Lawrence Uren; Econometric Techniques: Yong Song. I am co-ordinator for the Economics Research Report, assessed after S2, and I am HEC (HEP Co-ordinator) overall, for 2014. HEP14 students will normally do M4-6: Econometric Techniques in S1, unless they have only M3-1, rather than M3-2, in which case an approved alternative econometrics subjects is taken in S2.

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**Background Note on the Dual Degree with Finance.** We (the FBE itself and within it Economics and Finance Departments specifically) explored every option to enable the former Finance-Economics dual Honours degree to be implemented and nothing worked without overweighting or breaking the rules. There is no dual degree option for 2014 or the foreseeable future.

There were significant **time-tableing issues**, in 2013 and in the years before. We strove valiantly in 2013 to avoid any clashes with any honours subjects and succeeded completely. We had problems with S2 allocations for 2014, which we have resolved. Accordingly, the range of subjects and times in the balance of this Guidebook relating to S2 in 2014 must be regarded mostly set.

---

**Timetable for S1 Subjects in HEP14**

Most students doing HEP14 will have S1 classes at the times scheduled below.

### HEP14 Timetable S1, 2014

<table>
<thead>
<tr>
<th>Start Time</th>
<th>MONDAY</th>
<th>TUESDAY</th>
<th>WEDNESDAY</th>
<th>THURSDAY</th>
<th>FRIDAY</th>
</tr>
</thead>
<tbody>
<tr>
<td>8 AM</td>
<td></td>
<td>N4-16</td>
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<td></td>
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<td>- Lec Res Essay</td>
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<tr>
<td>9 AM</td>
<td>N4-1: Lect Adv Micro</td>
<td>N4-16 Res Essay Extension</td>
<td>N4-2: Lect Adv Macro</td>
<td></td>
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<tr>
<td>10 AM</td>
<td>to 1030am</td>
<td>to 1030am</td>
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<tr>
<td>11 AM</td>
<td></td>
<td>N4-1: Lect Adv Micro</td>
<td>to 1230pm</td>
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<td>NOON</td>
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<td>Mic Tute</td>
<td>Mac Tute</td>
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<tr>
<td>2.15 PM</td>
<td>M4-6: Lect EcoTechqs</td>
<td></td>
<td>N4-2: Lect Adv Macro</td>
<td>M4-6: Lect EcoTechqs</td>
<td></td>
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<tr>
<td>3.15 PM</td>
<td>to 345pm</td>
<td></td>
<td>To 345pm</td>
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<td>to 345pm</td>
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<tr>
<td>4.15 PM</td>
<td>Mic Tute</td>
<td>Mic Tute</td>
<td>Mac Tute</td>
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</tbody>
</table>
There is a clash with M4-6 and N4-2 tutorials at Thursday 315-415pm. This is workable and gives choice to students. It may be that one will lapse. [Data as at 4/2/13. NRN]

**Details of Core Subjects for S1 HEP, 2014:**

(Where no pre-requisites are shown, HEP14 students will have already satisfied them according to their entry requirements.)

**ECON40001: Advanced Microeconomics (AdMic)**

Claudio Mezzetti (cmez@..) and Georgy Artemov (gartemov@..)

**Details:** 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 game theory. Understand and to be able to use the techniques of parametric optimisation, the envelope technique and duality as a basis for comparative statics Understand and to be able to use the fixed point theorems that are used in advanced microeconomics. Understand and to be able to explain the structure of the standard competitive model using envelope and duality methods. Be able to apply fixed point theorems to demonstrate existence of optima and equilibria in general equilibrium, game theory and dynamic programming. Understand the mathematical concepts that underlie the envelope techniques and fixed point theorems that are used in advanced microeconomics.


**ECON40002: Advanced Macroeconomics (AdMac)**

Lawrence Uren (luren@..)


**Tutorials:** Commence in the second week of semester.

**Assessment:** See course handbook.

**Details:** 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, dynamic optimisation, real business cycle theory, 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.

Explain how macroeconomic researchers identify issues in macroeconomics that are important research topics; Explain some of the techniques used by macroeconomic researchers to create
knowledge; Evaluate the contribution of some recently created knowledge in macroeconomics; Synthesise some of the recently created knowledge in macroeconomics; Apply macroeconomic theory to analyse the potential of macroeconomic policy to improve economic welfare; Collaborate with others to present the content of a recent article on macroeconomics from a professional journal; Analyse macroeconomic material presented by the lecturer and other students; Explain contemporary issues in macroeconomics; and Describe the role and limitations of government in improving individual welfare.

ECOM40006: Econometric Techniques

Yong Song (ysong1@gmail.com)

Schedule of Topics

<table>
<thead>
<tr>
<th>Weeks</th>
<th>Topics</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-3</td>
<td>1. Regression with Time Series Data: Stationary Variables</td>
</tr>
<tr>
<td></td>
<td>1.1 Introduction</td>
</tr>
<tr>
<td></td>
<td>1.2 Finite Distributed Lags</td>
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<td></td>
<td>1.3 Serial Correlation</td>
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<td></td>
<td>1.4 Estimation with AR(1) Errors</td>
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<td></td>
<td>1.5 Autoregressive Distributed Lag Models</td>
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<td>1.6 Forecasting</td>
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<tr>
<td></td>
<td>1.7 Multiplier Analysis</td>
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<tr>
<td>4</td>
<td>2. Regression with Time Series Data: Non-stationary Variables</td>
</tr>
<tr>
<td></td>
<td>2.1 Stationary and Non-stationary Series</td>
</tr>
<tr>
<td></td>
<td>2.2 Testing for Unit Roots</td>
</tr>
<tr>
<td></td>
<td>2.3 Regression Models for Nonstationary Data</td>
</tr>
<tr>
<td>5-7</td>
<td>3. Some Basic Foundations</td>
</tr>
<tr>
<td></td>
<td>3.1 The Linear Regression Model in Matrix Notation</td>
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<td></td>
<td>3.2 Some Distribution Theory</td>
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<td>3.3 Interval Estimation</td>
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<td>8-10</td>
<td>4. Moment-based Estimation and Instrumental Variables</td>
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<tr>
<td></td>
<td>4.1 Stochastic Regressors</td>
</tr>
<tr>
<td></td>
<td>4.2 Method of Moments and IV Estimation</td>
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<tr>
<td></td>
<td>4.3 Two Stage Least Squares and Weak Instruments</td>
</tr>
</tbody>
</table>
4.4 Properties and Further Tests

5. Panel Data Models

5.1 Pooled Least Squares and Fixed Effects

5.2 Random Effects Models

6. An Introduction to Bayesian Econometrics

Assessment

3 assignments worth 8.33% each for a total of 25%.

Tutorial participation: 5%.

A 3-hour final exam worth 70%.

Assignments should be submitted in lectures on the due date.

Subject Material

All subject material including slides, tutorial exercises, assignments, solutions, and announcements will be placed on the LMS.

Books

The following books have been placed on Reserve in the Library:


Notes on Books

Topics 1 and 2 will be taken from Chapters 9 and 12 of POE4. Many of you may have POE3 (the third edition). I will discuss the differences between POE3 and POE4 in the first lecture. There is no set text for Topic 3. LPE and John are good for a gentle introduction to econometrics in matrix algebra notation. Greene has everything in it, but it can be difficult to sort out the relevant bits that I am emphasizing. Verb and Heij are somewhere in the middle. I will refer to the relevant parts of these references as we go along. Wool and Stock are about the same level as POE4; they do not use matrix algebra, but they have matrix results in a final chapter or appendix. My objectives are to expose you to the matrix algebra framework for the linear regression model, to get you comfortable doing algebra with matrices, and to have you appreciate the foundations for tests and estimators that you have been using routinely in Introductory Econometrics.

Topics 4 and 5 will be taken from Chapters 10 and 15 in POE4, but covered at a higher level that uses matrix algebra. References to other books will be given.

Topic 6 is an advertisement for Bayesian Econometrics taught in 2nd semester. by Liana Jacobi.

Software

In lectures, I will be using EViews screen shots to illustrate how to compute various estimates and test statistics. For tutorial and assignment questions, I am happy for you to use either EViews or Stata. For this purpose I have asked for the EViews and Stata POE4 books to be placed on Reserve in the Library.

Tutorial Work

There will be weekly tutorial exercises, some to be attempted prior to the tutorial and some to be completed at the tutorial. Attempting tutorial exercises and attending tutorials will contribute 0.5% per tutorial to your assessment, up to a maximum of 5%. Tutorials start in week 2 of the semester.

Getting Help

The online tutor will be operating. Also, my office hours will be 3.30pm to 5pm on Thursdays. If this time is unsuitable please email Kathryn (klperez@unimelb.edu.au) to arrange an appointment at an alternative time.
### Optional Subjects For Semester 2, 2014

#### HEP14 Timetable S2, 2014

<table>
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<th>Start Time</th>
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<td>N4-16 ERR</td>
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<tr>
<td>9 AM</td>
<td></td>
<td>N4-3 Trade</td>
<td>N4-10 Game</td>
<td>M4-7 Ectrc MarComp</td>
<td>N4-10 Game</td>
</tr>
<tr>
<td>10 AM</td>
<td>N4-8 Labour Ec</td>
<td>930-11am</td>
<td>N4-11 PubEc</td>
<td>to 1030 then</td>
<td>to 1030am</td>
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<tr>
<td>1030 AM</td>
<td>ditto</td>
<td>ditto</td>
<td>ditto</td>
<td>N4-11 to noon</td>
<td></td>
</tr>
<tr>
<td>11 AM</td>
<td>to 1130am</td>
<td>to noon</td>
<td>N4-11 Pub Also N 4-8 Labour Ec</td>
<td>M4-1 MicTcs to 1230pm</td>
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<tr>
<td>NOON</td>
<td></td>
<td>N4-13 Mon</td>
<td>M4-1 MicEts</td>
<td>M3-3 AEM</td>
<td>Also N4-3 Trade</td>
</tr>
<tr>
<td>1 PM</td>
<td>M4-7 Ectrc Mar Comp</td>
<td>to 130pm</td>
<td>to 130pm</td>
<td>Also N4-13</td>
<td>to 2pm</td>
</tr>
<tr>
<td>2.15 PM</td>
<td>130-3pm</td>
<td>M4-2 Bays to 345pm</td>
<td>M4-2 Bays to 345pm</td>
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*Teachers appointed for HEP14 for S2 2014 are:* M3-3: J Williams; M3-4: M Greenwood-Nimmo; M4-1: A Clarke; M4-2: L Jacobi; M4-4: T Wozniak; M4-7: D Byrne; N4-3: P McCAlman; N4-8: M Coeli; N4-9: E Swee; N4-10: G Artemov; N4-11: J Creedy; N4-12: V Baranov; N4-13: C Edmond; N4-16: N Norman; N 4-17: P Bardsley.
Each of the options specified here for HEP14 students in semester 2 needs AdMic, or AdMac or both and some other pre-requisites. The descriptions given below are based on 2013 materials and will be updated in the course of S1, 2014. There is plenty of time to make final selections for S2. Please note that you should think about these choices but you do not need to decide until closer to S2. NRN

(a) Econometrics Subjects

ECOM40001: Econometric Andrew Clark (details to follow)

ECOM40002: Bayesian Econometrics
Liana Jacobi (ljacobi@...)
Pre-Req: ECOM40006.
Details: Basic tools and characteristics of Bayesian inference and the application of Bayesian inference to a number of econometric models are considered. The tools and characteristics will include joint, conditional and marginal probability distributions, prior, posterior and predictive distributions, Bayes theorem, representing uncertain information, and the estimation of moments and other integrals via Markov chain Monte Carlo techniques. The econometric models will include the traditional regression model, the seemingly unrelated regressions model, probit and tobit models and some time-series models.

ECOM40004 Financial Econometrics
Tomasz Wozniak (tomasz.wozniak@...)
Pre-req: ECOM30002 or Honours in ECOM30001
Details: Basic econometric tools are presented for the analysis of data such as stock exchange returns, exchange rates, bond yields, etc. The applications of econometric models in finance include option pricing, extreme values and value at risk as well as financial asset portfolio selection. A special focus is upon modelling and forecasting returns and volatility of financial assets. A selection of up-to-date time-series econometric models and methods is presented.

ECOM40007 Econometrics of Markets and Competition
David Byrne, byrned@unimelb.edu.au
Office Hours: Mondays 3:00pm-6:00pm
Subject Overview
This course teaches students how to build econometric models from economic theory and how to use such “structural” models to investigate how markets operate and evaluate policy-relevant
questions. The econometric methodologies developed in the course apply to many fields of economics including industrial organisation, public economics, international trade, matching markets and so on. Examples of specific topics covered include: empirically assessing the welfare effects of mergers; evaluating the impact of campaign spending on elections; and quantifying the impact of trade liberalisation on plants’ productivity. Basic numerical methods will be taught where necessary including numerical integration, differentiation, and optimisation. Assignments must be done using Stata and Matlab; the course covers basic programming techniques for both of these statistical programs.

Prerequisites

A solid background in microeconomic theory and econometrics is essential. The prerequisites are ECON 40010: Advanced Microeconomics, and ECOM 40006: Econometric Techniques.

Assessment

4 Assignments: 40%
1 Final Exam: 60%

All assignments are computer-based and must be completed using Stata and Matlab. The University of Melbourne has campus-wide Stata and Matlab licenses. Access to these programs is available on computers in the ERC Library, Percy Baxter Learning Centre, and others. Late assignments receive a 10% grade deduction per day late. Assignments will not be accepted 2 days past the stated due date.

The final exam is centrally administered by the university, and will be held within the university exam period. It will cover all material from the lectures and assignments.

Resources

1. LMS subject site
This website is the most up-to-date reference for the subject and will include any announcements or amendments. Lecture slides, assignments, sample codes, and so on will be regularly uploaded. Students are encouraged to check this site on a regular basis.

2. Lecture Notes
The primary resource for the course is your lecture notes. Although I will post lecture slides on the LMS site each week, they are far from being a substitute from taking notes in the lectures that accompany the slides. Lectures will largely be based on material covered in items 3.1-3.3 under Main References, but will also draw on material from a number of other sources. Throughout the course, I will note specific readings from various references where appropriate.

3. Main References
The course material will largely draw on three chapters from the Handbook of Econometrics and Industrial Organisation:


PDFs for all of these items should be available through the University of Melbourne library. I will post the non-published PDFs of these documents on the LMS site. The course notes will mainly draw from the non-published versions.

4. Supplemental Textbooks

Though not required for the course, textbooks in industrial organization and micro-econometrics can provide further background to the lectures and topics covered. A non-exhaustive list of these books is listed below. I will have the Baillieu library keep on hold Davis and Garces (2010), Tirole (1988), Wooldridge (2010), and Cameron and Trivedi (2005).

4.1 Industrial Organisation

3. Jeffrey Church and Roger Ware, *Industrial Organisation: A Strategic Approach*, Irwin, 2000 (freely available, posted on LMS site)

4.2 Microeconometrics


(b) Economics Subjects

Note that subjects ECON40004 (Long-run Economic Change), 40005 (Macroeconomic Techniques), 40011 (Public Economics), 40012 (Development Economics) and 40015 (Financial Economics) are all shown as no longer offered for 2013. Please also check that the pre-requisites are accurate and advise me of any changes.

**ECON40003 International Trade**

Phil McCalman (mccalman@...):

**Details:** Topics include determinants of the patterns of trade and the gains from trade; the analytics of the instruments of trade policy under different market structures; the political economy of trade policy; the economics of preferential trade agreements; and the role of the World Trade Organisation.

**ECON40008 Labour Economics**

Mick Coelli (mcoelli@...)

**Pre-req:** ECOM40006.
Details: An advanced subject in labour economics. Topics to be covered will include: overview of labour market outcomes in Australia; labour supply (including labour force participation, hours of work, and the effects of public policy); labour demand; human capital; labour market discrimination; unemployment; wage determination; earnings distributions; impact of unions. Other topics may include labour market flows (including the analysis of quits and layoffs), immigration, and employment structures within firms. In each topic relevant theory and empirical research (especially relevant Australian studies) will be examined.

ECON40009 Positive Political Economics

Eik Swee (eswee@unimelb.edu.au)

ECON40010 Game Theory

Georgy Artmeov (gartemov@...)

Details: 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.

ECON40011 Public Economics

John Creedy (j.creedy@...)

ECON40012 Development Economics

Victoria Baranov (victoria.baranov@...)

ECON40013 Monetary Economics

Chris Edmond (cedmond@...)

Pre-req: ECON 40002

Details: 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.

ECON40017 Mathematics for Economists

Peter Bardsley (p.bardsley@...).
9. **The Research Essay**

i) **Purpose**

The purpose of the Research Essay is to give students a sound training in undertaking research in economics and to give them confidence in their ability to undertake small research projects. It does this by providing the opportunity to complete a worthwhile piece of work which demonstrates analytical skills of a high order using appropriate economic theory and/or empirical techniques, and to do this in a structured environment.

ii) **Lectures, classes and working groups**

During much of the first semester, and some of second semester, a lecture/seminar/discussion series will provide you with assistance in your Research Essay. The co-ordinator and selected staff members will provide illustrative examples of how they conduct research projects and offer their reflections gained as examiners of research reports. A detailed program will be provided in the first session of Tuesday 4th March, 2014. A new feature for 2014 will be the attempt to move from general group presentations covering generic materials to specific research areas such as non-data economic theory; econometric theory; divisions of applied econometrics by topic area; economic policy analysis; experimental economics; micro-econometrics; time-series econometrics; and other functional areas that may emerge from the topic selections.

iii) **Getting Started**

To select a topic for your Research Essay:

(a) Take your time and start the search early.

(b) Topics can be exercises in pure theory, econometric or policy analysis, or combinations of them. In each case, the work must involve economic analysis. Mere descriptions and surveys of the literature are unacceptable. Likewise, the mere manipulation of data is unacceptable.

(c) An economics/econometrics journal article (or two) should be the basis of your Essay. Your essay could be a modification of, and/or an extension of, and/or an application using data of any analysis in a recent journal article. A good article on which to base your essay will have a list of references (these will be listed at the end of your ‘source’ article) and you can then use standard bibliographic search techniques to expand your list of references and ideas. When you read articles always ask yourself questions, such as: (1) What type or form of economic analysis is involved? What were the alternative ways of doing this work? Can the approach be applied to other contexts/countries/time periods? (2) What assumptions or working axioms are embodied in the work? Are the assumptions credible? Does it matter if they are not entirely realistic? What assumptions are implicit? To what extent might the results be sensitive to the assumptions? How can they be relaxed? How do the policy and business decisions change with different assumptions? (3) Is the econometric approach the most appropriate one? Have all relevant tests been carried out? (4) Are the variables constructed the most appropriate way for the task, given that precise data relating to the theoretical concepts are sometimes not available? (5) Are there any implications of the study which have not been fully drawn out by the author? (6) Is there other literature, other theories, which might be brought to bear on this problem? (7) Are the techniques of analysis ones that you can implement, with the training you have had to date?

(d) Make sure that the topic is ‘precise’ and has a narrow or ‘tight’ focus.

(e) ALWAYS keep a good record of things you read, including author, title, date and place of publication, publisher and page numbers. Ideally, start to set-up your bibliography. This is advisable even now as you are beginning. You cannot tell now what articles or ideas might be important later on, so keep a diary of your research – a single place to find all your notes.
(f) It is important that you keep copies of your work stored in a place other than on your computer’s hard drive. That way, if your computer is stolen, there is a fire or the machine simply crashes as they sometimes do, you will have copies of the files.

(g) We do not have a system of formal supervisors – but you will be allocated an adviser. The difference between advisers and supervisors is that supervision is very pro-active whereas advisers are mainly reactive. You will need to come to your adviser well prepared to put your questions into context. Formally, supervisors cannot also examine, so your ‘adviser’ will also be one of your examiners.

(h) Do not envisage doing the bulk of the research in second semester. You must work on your essay steadily (at least 1.5 – 2 days per week) throughout both semesters and use the semester break between the 1st and 2nd semester wisely. To assist this, we introduced in 2012 an additional semester-break research report, early in second semester, to encourage work at the most providential time available.

(i) The Faculty’s Teaching and Learning Unit (TLU) provides a number of useful services for students. These can be found at:
http://tlu.ecom.unimelb.edu.au/students

iv) Source Articles

The link for students to locate Key Resources in Economics – for indexes, dictionaries, encyclopaedia, statistical databases, working paper collections, Google Scholar, etc. is:

v) Data Sources

In addition to the statistical databases located at Key Resources in Economics four further links for databases are:

1. Households Research Database

The link is:

There is also information on how to obtain access to unit record data from household Australian surveys such as household expenditure and income.

2. HILDA Survey

The Household, Income and Labour Dynamics in Australia (HILDA) Survey is a household-based panel study which began in 2001. Information about this survey is available at:
http://www.melbourneinstitute.com/hilda/

3. Faculty – Databases

http://www.ecom.unimelb.edu.au/research/databases

4. World Data Website

http://rfe.org/
vi) Essay Format

The essay must be the Department-resolved page equivalent (40 double-spaced or 32 1.5-spaced pages) of no more than 10,000 words in length. The page limit includes tables, footnotes, and bibliography in the text, but excludes appendices, title page, abstract and declarations. It should be typed on plain white, A4 paper. It must have a ‘Title’ page, a ‘Declaration’ page, an ‘Abstract’ page and a page headed ‘Contents’. It should be typed on one side only with a left-hand margin of at least 3.5cm. Appendix A has an example of the appropriate format of the essay.

The first page is the ‘Title’ page which should contain the following information: The title should appear towards the top of the page and centred. Your name should appear below the title in the centre of the page. The name of the subject and the year of submission should appear towards the bottom of the page. The purpose of the submission should appear at the bottom of the page – see Appendix A. Note that there is no page number on this page or any of the other pages dealing with ‘front’ matter.

The second page is the ‘Declaration’. This is a signed declaration of the authorship and originality of the essay. The mandatory wording is given in the attached example (following the ‘Title Page’). This declaration must be signed and dated. You must also acknowledge on this page any assistance that you have received from your Adviser or from any other sources. You must give the ‘word length’. A useful approach to determine the word length of your essay is to use the word count available in Microsoft Word.

The third page is the ‘Abstract’. It should be doubled spaced and at most 200 words long. The title of the essay should appear at the top of the page. See example in Appendix A.

The fourth page is the ‘Contents’ page which shows the title of the essay and a list of the chapters and the page numbers at which they begin. See example in Appendix A.

The main text should follow with the title at the top of the page. This page should have no page number (although it is page 1) but all subsequent pages should be given Arabic numerals beginning with the number ‘2’.

It is difficult to be prescriptive about the structure of the main text. In fact, often there are several different and acceptable ways to structure the presentation of a piece of research. However, it is likely to be ‘Introduction’, ‘Literature Review’ (but often this is best ‘run-in’ with the development of the model), ‘Development of the Theory/Model’, ‘Data’, Chapters on your own ‘Results’ and ‘Conclusions’. Do not use too many levels in the hierarchy of headings and sub-headings and make clear the convention that you are following. I have set out one possibility in the example in Appendix A of the ‘Contents’ page. During the course of the presentations in ECON40016 there will be classes on writing style, use of tables and figures, use of references and footnotes. Journal articles, and past essays can be used as a guide.

After the main text, there should be a ‘References’ page. This page should contain all of the works referred to in the text and they should be presented in alphabetical order by author. There are many systems of referencing used in bibliographies (e.g., Harvard, Chicago, Vancouver.) The most commonly used system in economics journals is the Harvard system, i.e., for journals and for books. The page numbers for the References should be continuous with those in the text. If you are citing an on-line document you must give both the URL and the date at which you viewed it. If the document is readily available elsewhere (say it is a journal article which is also being delivered over the web) you would give the complete bibliographic record for the hard-copy version and then give also the URL and date you viewed or downloaded it.

‘Appendices’ (if you insist on having them – they count in terms of words) should follow the ‘References’. The examiners are not obligated to read or consider them.
**vii) First Semester Reports**

**A. Area Topic Choice: due in class on Wednesday 20 March, 2013**

This information will be used to allocate you to an adviser. This will consist of one A4 piece of paper with the following information:

(a) Your name
(b) Title of essay and area of economics involved
(c) A very brief (one paragraph) statement of the proposed research. This is a clear and precise statement of exactly what it is that you intend to do and why you are interested in this topic i.e. why you see it as important. This should also contain information on the source journal article(s) which is (are) to form the basis of your report.
(d) A list of three names of potential advisers. However, no guarantees can be made that you will be allocated an adviser of your choice. A list of potential advisers is provided. You may consider talking to a number of these people before submitting your topic choice.

**B. Progress Reports: two copies to be handed in at the general office no later than 4.00pm Monday 5 May, 2014.**

This consists of two inter-related activities.

1. Presentation of a document (the ‘Progress Report’) for distribution to myself and your adviser.
2. A verbal presentation lasting a maximum of ten minutes. This is to be accompanied by power point slides or overheads containing the main points. The presentation will be based on your written progress report.

**Your (Written) Progress Report**

Your Progress Report must provide the following information:

(a) Your Name
(b) Title of the Essay
(c) A very brief (one paragraph) statement of the proposed research. This is a clear and precise statement of exactly what it is that you intend to do and why you are interested in this topic, i.e. why you see it as important.
(d) A brief and focussed literature review with special emphasis on the source journal article(s) which is (are) to form the basis of your report. The review of the literature should be highly focused on your topic and should allow you to place the topic of your essay clearly within that body of literature. It must be evident to the reader what results already exist in the literature and what will be your contribution and what is the motivation for your extension.
(e) What you have been doing and what you have achieved thus far (in detail).
(f) What you are going to do next and what is required specifically in order to complete the research (in detail).
(g) Provide a timeframe with dates. Include in your timetable explicit reference to the submission of a draft of the complete essay to your Adviser in mid-September.
(h) If your essay involves empirics you must give an assurance that you do actually have the data in your possession (and if not from where you will obtain the data and when you will have it).
(i) Give another assurance that you are able to undertake this project on your own, with minimal input from your Adviser (remember they are Advisers, not Supervisors) and
provide a brief statement of the nature of any assistance you anticipate you will need from your Adviser between now and the second semester Progress Report.

(j) Give full bibliographic details of anything you have referred to in the text above. In the main text just put (say) (Keynes, 1936) but at the end of the document give full details. NEVER hand in a document which contains reference to other work without giving full details of that other work.

Length of the Report: There is no minimum or maximum length for this document. Do not attach any photocopies. All of the material, including any equations or diagrams, is to be typed into the document by you. After all, it is this document which will form the basis for your essay.

C. VERBAL PRESENTATION

You will be allocated a time for your verbal presentation which will take place before the end of the first semester (in the Week of 19-21 May, 2014). You are expected to attend verbal presentations other than your own and to make constructive comments on other’s presentations. Your own presentation should contain three parts. Namely, i) motivation (your own and that of the ‘base’ article), ii) literature review and iii) a detailed statement of the research that you are undertaking, the progress thus far and where it is you go from here.

When preparing your presentation give careful thought to how to structure your talk. Some headings which might prove useful for your first presentation are:

- The motivation underlying the base paper
- The analysis contained in the base paper
- A summary of the conclusions of the base paper
- How do you propose to extend the base paper?
- Why are you doing this (i.e. your ‘motivation’)
- What have you done?
- What will you do next?
- What will you do after that?

You will be expected to use at least one power point slide or overhead transparency which lists the main points (perhaps simply the items set out above).

All students will be allocated the same amount of time. You will have 10 minutes to give your presentation. You will NOT under any circumstance be permitted to extend your presentation beyond the allotted time. When preparing your talk, you should ask yourself which points are the most important and which are less important. Then, if you find time running short, skip those which are less important.

Practice in advance and time yourself. Some people run out of time – this is not good – DO NOT LET THIS HAPPEN TO YOU.

(viii) Second Semester Reports and Submission

The first report in semester 2 is a short report on your research activities in the semester break. This initiative was introduced in 2012 to encourage work in the best free space available to you.

A. ‘Show and Tell Sessions’

At the beginning of the second semester we will be having what I have entitled ‘Show and Tell Sessions’ where you will each be allocated a short amount of time to talk about one new result you have obtained in your thesis. These sessions will be informal and advisers will not be invited. However, it will be an opportunity to obtain feedback about the progress of your essay from me and your fellow students before you have to hand in your draft copy of your essay and give your presentation. I strongly encourage you to attend these sessions and not just the one in which you
have been allocated a time to talk. You can learn a lot about your own research from listening to others talk and by asking questions. You will be allocated a time for these sessions before the beginning of Semester Two.

B. Research Essay Draft

A draft of the complete essay must be submitted to your Adviser by Friday 26th SEPTEMBER, 2014 by 4.00pm. You will receive feedback from your Adviser. Any use that you choose to make of this advice is entirely up to you.

Remember though that the draft is the only time your Adviser will have time to give feedback on the essay before it is submitted. This is why it is important to hand in as complete a draft as possible. The draft can be hard copy or electronic, as agreed with your adviser.

C. Second Semester Presentation

These will take place during the week beginning 22 September 2014. Students are expected to use power point slides. Presentations should last no longer than 15 minutes in total including time for questions. Be sure not to go beyond 15 minutes and allow some time for feedback from those present – feedback now is very valuable.

In your presentation focus on the research and the findings, i.e. explain what it is you chose to investigate, how you went about the research and what it is you have found. I would recommend organising a handout containing some key equations or a table of results.

D. Submission

Three hard copies of the essay and one copy disk must be submitted to the Department of Economics, General Office in staged-receipts not later than noon Friday 17th October, 2014. If your essay involves empirical work you will also have to provide a disk when submitting your essay with a copy of all data used and any relevant work files containing transformed data etc. Pursuant to the University’s research code the disks will be stored by the Department for five years. If a copy of the data cannot be supplied due to confidentiality then this must be stated in a letter.

Extensions will not be granted.

Following notification of results, one copy of the essay will be returned together with the Examiners’ Reports. The mark for the essay is given a weight of 25% in determining the result for the honours year as a whole.

ix) Replication

Along with staff, all honours and graduate students in the Department must accept the obligation that in conducting and reporting on their research they will do so in a scholarly fashion and will provide sufficient documentation to enable others to replicate their results without inordinate difficulty. Amongst other things this implies that authors of papers applying econometric/statistical procedures must ensure that they describe data sources, data transformations, packages used and estimation methods employed in sufficient detail that another researcher (for example an examiner) could replicate the study. Authors of essays containing complicated maths may be asked to provide detailed proofs of key propositions.

x) Plagiarism or other violations of the research code

Plagiarism is the unacknowledged use of phrases, sentences, etc. from books, articles, essays, the web, etc. written by other people. You must take care to avoid plagiarism,
whether it be intentional or not, by acknowledging the source of all the quotations that you use. When it occurs and is detected, plagiarism will be penalised by loss of marks, perhaps to zero.

It is not a sufficient defence against the allegation that you have attempted to deceive your examiners, to mention in your bibliography the book or article from which you have plagiarised. Your examiners are entitled to presume that the work is your own except where it is clearly and explicitly indicated that the words are those of another person.

You will be required to sign a declaration that the essay you submit for assessment is your own work and does not contain any plagiarised material in the form of unacknowledged quotations. Any violation of the University’s code of Conduct of Research will be taken very seriously. A copy of the University’s Research Code of Conduct can be found at the following web address:


xi) Assessment

Your essay will be marked by (at least) two examiners, one of whom will usually be your Adviser. If the difference in marks is ‘small’, then the average of the two marks will be used. Should the difference be significant, then a consultation of Examiners will take place. In the event that the difference in marks persists then a third examiner will be asked to examine and grade the essay.

There is no ‘grading on the curve’ in this subject. There is no rule that only a certain proportion of students can be given a H1. (It is also the case that there is no rule which says that at least one student must be given a H1).

(xii) The Role of the Advisers

Each student will have an Adviser for the duration of the subject. But, you must regard the essay as your own work and as your responsibility to complete to the best of your ability. The Adviser is only permitted to give you some general guidance and to ensure that progress is being made.

Specifically, the role of the Adviser is as follows:

- To assist the student to find suitable literature to form the basis of the essay;
- Together with the co-ordinator, to give approval for the Research Proposal;
- To attend the student’s presentation of the Progress Report in the First Semester and to provide appropriate verbal and written feedback;
- To be available to the student to answer questions and provide advice;
- To attend the presentation based on the draft essay in Second Semester;
- To read a complete draft of the essay in Second Semester and to provide specific and general comments, both verbal and written, about the structure, the content and the conclusions drawn; and
- To (usually) act as one of the examiners of the essay.

(xiii) Advisers for 2014 in HEP14

N.B. The number of crosses indicates the relative load that the adviser is assigned to take Honours and Masters advising by the HoD, Economics. In general X = 1 student, XX = 1 or 2 students and XXX indicates 2 or 3 students.
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<td>Reshad Ahsan</td>
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<td>Peter Bardsley</td>
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<td>Victoria Baranov</td>
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<td>Mei Dong</td>
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<td>Phillip McCalman</td>
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<td>Kevin Staub</td>
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<td>Lawrence Uren</td>
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<td>Tomasz Wozniak</td>
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<td>Jun Xiao</td>
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</table>

**XXX Reshad Ahsan:** rahsan@unimelb.edu.au  
International Trade, Development Economics, Political Economy

**XXX Georgy Artemov:** gartemov@unimelb.edu.au  
Mechanism Design, Matching Theory, Microeconomic Theory

**XX David Byrne:** byrned@unimelb.edu.au  
Industrial Organization, Applied Econometrics

**XXX Michael Coelli:** mcoelli@unimelb.edu.au  
Labour Economics, Applied Microeconometrics, Public Economics, Education Economics

**XX Robert Dixon:** r.dixon@unimelb.edu.au  
Macroeconomics, Industrial Economics, Marxian Economics, Regional Economics
X John Freebairn: jwfree@unimelb.edu.au
Microeconomics, Public Finance, Labour Economics, Environmental Economics, Taxation Reform

XXX Liana Jacobi: ljacobi@unimelb.edu.au
Theoretical and Applied Econometrics, Bayesian Inference, Markov Chain Monte-Carlo, Causal Inference/Treatment Effects, Health & Labour Economics,

XXX Kei Kawakami: keik@unimelb.edu.au
Macroeconomics, Financial Economics

XX Ian King: ipking@unimelb.edu.au
Macroeconomic Theory, Applied Theory, Search Theory, Monetary Theory, Unemployment, Life Expectancy and Growth, Language Acquisition

XXX May Li: shuyunl@unimelb.edu.au
Macroeconomics, Computational, Monetary and Fiscal economics

XX Simon Loertscher: simonl@unimelb.edu.au
Industrial Organization, Mechanism Design, Political Economics

XX Phillip McCalman: mccalman@unimelb.edu.au
International Trade

XXX Leslie Martin: leslie.martin@unimelb.edu.au
Environmental economics, energy economics, and industrial organization.
Leslie’s research currently focuses on consumer preferences for environmentally-friendly products,

XXX Vance Martin: vance@unimelb.edu.au
Econometrics, Time Series Analysis, Monetary Economics, Macroeconomics

XXX Claudio Mezzetti: cmez@unimelb.edu.au
Microeconomic Theory, Mechanism Design

XXX Barry Rafferty: Barry.rafferty@unimelb.edu.au
International Finance, Macroeconomics and Financial Econometrics

X Kalvinder Shields: k.shields@unimelb.edu.au
Macroeconomics, Time Series Econometrics, Financial Economics

XX Chris Skeels: Chris.Skeels@unimelb.edu.au
Econometrics (Cross-Section)

X Rhonda Smith: rhondals@unimelb.edu.au
Law and Economics: Competition issues, Consumer protection
XXX Eik Swee: eswee@unimelb.edu.au
Development Economics, Political Economy, Economics of Conflict, Applied Microeconomics

XX Lawrence Uren: luren@unimelb.edu.au
Macroeconomics, Labour Economics

XX Tom Wilkening: tom.wilkening@unimelb.edu.au
Experimental Economics, Market Design, Contracts and Organizational Economics, Behavioural Economics

XXX Jenny Williams: jenny.williams@unimelb.edu.au
Determinants of Criminality, Economics of Drugs: Demand & Use, Effects on Study Habits/Academic Success; Causal Inference/Treatment Effects, Health & Labour Economics

XX Tomasz Wozniak: tomasz.wozniak@unimelb.edu.au
Econometrics (time series, Bayesian, Forecasting)

XXX Jun Xiao: Jun.Xiao@unimelb.edu.au
Microeconomics; Industrial Organisation
What are the Examiners looking for?

The elements that the examiners are looking for in the essay are:

- A clear focus or purpose connected to an issue, hypothesis, contention or finding;
- A good structure i.e. logical development of the material;
- Clear and straightforward language using your own words – where you are drawing upon the ideas or words of others, this must be acknowledged through documenting the source, otherwise you run the risk of plagiarising;
- A good knowledge and critique of the relevant literature, showing where your contribution will fit into that body of literature;
- A sound display of relevant analytical skills (including making explicit all assumptions being relied upon);
- Diligent attention to detail with respect to any hypotheses to be empirically tested, with respect to deficiencies or limitations of data, if any, and justification of the way in which you attempted to deal with these shortcomings;
- If empirical work is being undertaken, sensible use made of (all) relevant readily available data;
- Evidence that you understand the economic implications of the conclusions that have been reached;
- Evidence that you understand the limitations which should be placed on those conclusions and the sensitivity of those conclusions to ‘crucial assumptions’ and finally,
- Some evidence of creativity/originality.

Note: There has been no attempt to attach weights to the individual elements of the assessment of the essay because, often, the whole may be better than the sum of the parts and examiners need to be able to make that judgement.

Some advice from past students

‘Choose your source paper wisely. For example if doing a theoretical piece, choose a tractable model that allows you to make modifications and it also allows room for more analysis. For an empirical piece the econometric methodology should be manageable. Remember the restrictions of Eviews software. The econometrics methodology used in a source paper may require programming or another econometric software package and you’ll have to spend time learning it. However there’s a time constraint’.

‘Don’t lose sight of the fact that your thesis is only worth 25% of your overall grade – subjects matter a lot too’. Also talk to as many people in economics as you can about potential thesis topics at the beginning of the year, in areas that interest you, otherwise you will be in for a long year! You need to get help from people who have some idea how to go about choosing something realistic early on or it take so long to get started.’

‘Remember you’re writing an essay – not a thesis. Don’t set your expectations too high – the point of the essay is to understand the process of creating knowledge’.

‘Have an interest in your topic. While your essay should have depth on a particular topic, try to avoid topics that require great depth in a particular field outside economics (i.e. maths) unless you already have some understanding or background in that topic, or plan to spend a lot of time on background knowledge for your topic.’

‘Ensure you commence writing very early. It doesn’t have to be good, or particularly coherent, however composing a draft contents page and beginning writing is crucial to initiating the process and engaging yourself’.
‘Choose a topic and start writing the essay as soon as possible. Once you get started it quickly becomes apparent what you don’t know and don’t have that you need for the essay. If this happens early you will be in a better position to deal with it’.

‘When doing an empirical piece, check any assumptions that are required with the econometric techniques you are thinking of using. Then ensure your dataset will not only be suited to your research essay topic, but also the assumptions of the econometrics involved’.

‘Take everything that lecturers tell you on ‘how to do research’ very seriously. Their advice, in all instances has been proved to be very accurate. If you don’t as I didn’t you will kick yourself at the bitter end. As soon as possible, work out exactly what the questions you’re trying to answer are. Keep a tight record of your references.’

‘If you don’t have a topic, go and look at what data are (not ISI) available. If you see a good data set, think about how it relates to economic theory. If the data relates to an area you are interested in, look at the literature and see if you can find a gap in the literature that you can fill. Don’t plan to have more than three weeks in July to work on your thesis. The honours exams always come late in the exam period and you will need a break, so the July holidays disappear pretty quickly. Think about how you want to pitch your essay. What level? Who will be reading it? Ask them early about what they expect.’

‘Choose a research topic early, preferably during the summer holidays, and if the potential research topic is an empirical piece, make sure that you are able to obtain the relevant data. When nominating an adviser, make sure he/she is familiar, or has relevant knowledge to what you are doing. See your adviser frequently, get to know your adviser because he/she will be one of your markers, and make sure they know what you are doing.’

‘For empirical work it is important to choose a topic you are interested in. However, it is also important to have access to data. In this sense, you need to reach a compromise between what you are interested in, and data availability. Personally, I think you should focus on a good relevant data set first, and find a topic you are passionate about second.’

‘Start trying to define a topic early. Think about questions/topics that interest you. Start broadly and narrow down. Read ‘The Economist’ flick through journals. Do not be too ambitious in your topic choice. A simple, well defined, clear question is better than a difficult but hard to solve question. Tractability is the key! Don’t hassle potential advisers until you have a few potential base articles. You might not have a specific essay question you want to ask as this stage, but at least have a base paper in an area you are interested in. Have a topic/base article before school starts.’

‘Some advisers have different styles so some are more pro-active in giving guidance than others. One of the most difficult aspects of the Economics Research essay is getting a topic that is do-able. It is important to ask your adviser lots of questions about this early on. For example, do they see any obvious difficulties in your topic or can they suggest a way to simplify the topic. If you are like me, you might avoid asking questions because you think you have not done enough work yet or you are still unsure in your own mind. However, asking more questions will highlight your own thinking’.

xvi) Research Essay Prize

Every year there is a prize awarded to the student with the highest mark in their essay. The prize is called “Jean Polglaze Memorial Prize for Economics Research Essay” and the details of the prize are as follows:
Donor: By subscription from friends and associates of the late Associate Professor Jean Polglaze. There are four prizes. One of $400, is open for award annually for the best essay submitted for assessment in the subject Economics Research Essay by a student in the course for the degree (with honours) of either bachelor of Commerce or bachelor of Arts. The other three prizes, of $250, are open for award annually to the students who, in the assessments in the Third Year of either of those courses, in the subjects Econometrics, Applied Econometric Modelling and Time Series Analysis and Forecasting, achieves, in the respective opinions of the examiners, the best overall results. Any surplus income must be added to the capital of the fund.

Subject: ECON40016 (316475) Economics Research Essay

Please see http://www.fbe.unimelb.edu.au/students/prizes/#prizes for a full list of prizes available in the Faculty of Business and Economics.

Finale: “Your Department retains a copy of each honours theses submitted as these comprise a valuable reference resource for the academic community, especially future honours students, to whom theses may be made available for the purpose of research and study. Should you not wish your theses to be accessible in this way, please make this clear to your advisor.”

Key Dates for 2014

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<th>What’s Due</th>
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<td><strong>Topic Area Choice</strong></td>
<td>Wednesday, 20 March</td>
<td>In ECON40016 Lecture</td>
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<td><strong>Specific topic and adviser</strong></td>
<td>Wednesday, 27 April</td>
<td>In ECON40016 Lecture</td>
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<td><strong>First Semester Progress Report</strong></td>
<td>Monday, 6 May</td>
<td>To HEC13 by 4pm</td>
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<td><strong>First Semester Presentations</strong></td>
<td>20-22 May</td>
<td>TBA</td>
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<td><strong>Mid-year break research progress report</strong></td>
<td>Wednesday 31 August</td>
<td>In ECON40016 Lecture</td>
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<td><strong>Research Essay First Full Draft for Adviser review</strong></td>
<td>Monday, 30 September</td>
<td>To advisers directly: soft copy to HEC13</td>
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<tr>
<td><strong>Second Semester Presentations</strong></td>
<td>14-16 October</td>
<td>TBA</td>
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<tr>
<td><strong>Research Essay Submission</strong></td>
<td>Monday, 21 October</td>
<td>To HEC13 directly by 4pm</td>
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APPENDIX A: ESSAY FORMAT

{Title Page}

TITLE of ESSAY

AUTHOR

Economics Research Essay
2013
DEPARTMENT OF ECONOMICS
RESEARCH ESSAY COVER SHEET

<table>
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PLAGIARISM

Plagiarism is the presentation by a student of an assignment which has in fact been copied in whole or in part from another student’s work, or from any other source (E.g. published books or periodicals), without due acknowledgement in the text.

COLLUSION

Collusion is the presentation by a student of an assignment as his or her own which is in fact the result in whole or part of unauthorised collaboration with another person or persons.

DECLARATION

This essay is the sole work of the author whose name appears on the Title Page and contains no material which the author has previously submitted for assessment at The University of Melbourne or elsewhere. Also, to the best of the author’s knowledge and belief, the essay contains no material previously published or written by another person except where due reference is made in the text of the essay. I declare that I have read, and in undertaking this research, have complied with the University’s Code of Conduct for Research. I also declare that I understand what is meant by plagiarism and that this is unacceptable; except where I have expressly indicated otherwise. This essay is my own work and does not contain any plagiarised material in the form of unacknowledged quotations or mathematical workings or in any other form.

I declare that this assignment is my own work and does not involve plagiarism or collusion.

Signed ___________________________ Date ___________________________
I acknowledge assistance of................................................................................................................

{Abstract}

Up to 200 words

{Table of Contents}

Example

i. Introduction 2
ii. Literature Review 4
iii. Theoretical Model 8
iv. Data 12
v. Estimated Model 15
vi. Results and Discussion 20
vii. Conclusions 25
References 27
Appendix (if any)

Addendum: Useful HEP14 Contacts

Co-ordinator: Neville Norman: n.norman@unimelb.edu.au Room 412, FBE Building, 111, Barry Street, Carlton Vic 3053: (834)4 5327; 0414 653 770; 9592 6120.

Assistant: Aminata Doumbia: adoumbia@unimelb.edu.au

Department Manager: Preeta Philip: preeta@unimelb.edu.au

Faculty Honours Administrator: Rachael Brennan: rbrennan@unimelb.edu.au