BUSINESS115

Economics, Markets and Law

UNIVERSITY OF AUCKLAND · UNDERGRADUATE · SEMESTER 2, 2026

Full guide %2B ask Sia about BUSINESS115

SIDE 1/2 EXAM MAP → MODELS → MECHANISMS → STAKEHOLDERS → QUALIFIED JUDGEMENT

OPEN-BOOK EXAM SHEET

Methods · rules · decision tables

0 · Exam Map

COURSE.JSON · BRIEF

Quiz | Part. | Mid-Term | Report 20 | Final Examination 40%

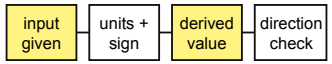
COMPONENT	WEIGHT	FORMAT
Pre-Workshop Quizzes	10%	Individual coursework
Participation	10%	Peer coursework
Mid-Term Test	20%	Individual test
Economics and Markets Report	20%	Individual coursework
Final Examination	**40%**	Individual examination; must be sat or written

★ "The exam is online, open book, and out of 100 marks." *(BUSINESS 115 Assessment Overview, Semester Two 2026)*



Every arrow needs a verb-led, checkable link.

Source-derived response route: model or institution → evidence → stakeholder consequence → bounded decision.



Representation check adapted from the guide: separate observed inputs from calculated values before solving.

1 · Universal Response Method

ALL CHAPTERS · FAQ

WHEN ASKED TO ANALYSE OR RECOMMEND

```
1 Define the object + units → 2 select the economic model or institutional rule → 3 show the mechanism line by line → 4 trace winners, losers and wider welfare → 5 state the boundary that could narrow or reverse the conclusion.
```

Before calculation: separate supplied inputs from derived quantities; predict the direction; keep signs, denominators and baselines visible. **After calculation:** test plausibility and one changed assumption. A calculator output is not a method.

ERROR	DIAGNOSTIC	REPAIR
Translation	wrong object, curve, actor or institution	rewrite variables and the task
Calculation	sign, units, denominator, algebra	recompute the first failed line
Interpretation	number does not answer the question	attach stakeholder effect + limit

2 · Choice, Welfare, Margins

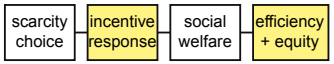
C2 TOPIC · GLOSSARY

Opportunity cost = value of the best forgone alternative. **Explicit** costs are payments; **implicit** costs are opportunity costs of resources already owned. A *sunk cost* is past and unrecoverable: exclude it from the forward choice.

MARGINAL DECISION RULE

```
continue while marginal benefit exceeds marginal cost; compare the additional benefit and additional cost of one more unit or a small change.
```

QUESTION	USE	FINISH WITH
Which option?	best forgone alternative	opportunity cost
One more unit?	MB versus MC	stop where the comparison changes
Market outcome?	CS + PS	welfare before external effects
Fair or legitimate?	distribution + process	efficiency is not enough

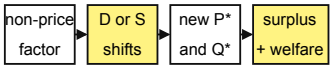


Markets and welfare: private choice is only the start; test wider social costs, benefits and distribution.

3 · Demand, Supply, Equilibrium

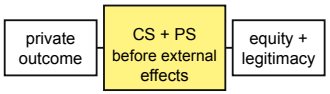
C3 TOPIC · GLOSSARY

Movement along a curve: the good's own price changes. **Shift**: a non-price determinant changes quantity demanded or supplied at every price. Name the determinant before shifting.



Shock → P*, Q* → surplus + welfare

Source-derived C3 chain. Do not jump from the shock straight to surplus.



Source-derived welfare check: total market surplus is not the final answer when external or distributional effects matter.

4 · Market-Shock Decision Table

C3 FAQ · C6

OBSERVED CHANGE	CLASSIFICATION	REQUIRED NEXT MOVE
own price changes	movement along D or S	read the new quantity on the same curve
non-price determinant changes	curve shift	state which curve and direction
more than one determinant changes	multiple changes	separate the mechanisms
new intersection	new equilibrium	recompute P*, Q*, then welfare

SIA → *The controlling rule is exact: a curve shift requires a changed non-price determinant.*

5 · Elasticity: Response Logic

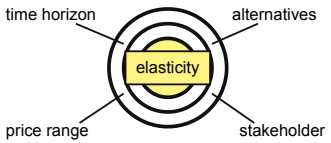
C6 TOPIC · FAQ

Price elasticity asks how responsiveness changes stakeholder outcomes after a price or policy shift. Keep price response separate from **income** and **cross** effects; then trace the implication for revenue and incidence.

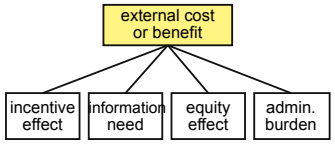
USE WHEN ASKED TO PREDICT A RESPONSE

```
Define the measured response + range → identify own-price, income or cross effect → predict direction → connect to revenue / incidence → name who bears the effect.
```

Boundary: elasticity varies with time horizon, alternatives and measurement range. An estimate travels to a new case only when those conditions are comparable.



Source-derived elasticity rings: an estimate is conditional, not universal.



Source-derived C7 tree: a Pigouvian instrument must be compared on four dimensions.

7 · Market Power & Regulation

C8 TOPIC · FAQ

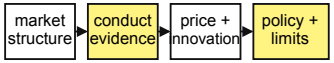
Start with **monopoly or oligopoly**, but do not stop at structure. Identify the **strategic conduct**, show its effect on price and innovation, then evaluate the regulatory option.

WHEN ASKED WHETHER POLICY FOLLOWS

```
structure → conduct → effect → competition-policy option → implementation / stakeholder limit
```

Concentration is evidence to investigate, not automatic proof of abuse. A conclusion needs behavioural and effect evidence, not a label.

STAGE	EVIDENCE NEEDED	TRAP
Structure	market form / concentration	treating form as verdict
Conduct	named strategic behaviour	skipping the mechanism
Effect	price, innovation, stakeholders	one-sided welfare claim
Response	regulatory option + limits	assuming costless enforcement



Source-derived C8 chain. The missing middle is usually conduct and effect.

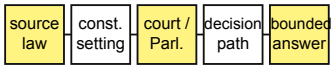
8 · New Zealand Legal Method

C4 TOPIC · GLOSSARY

Identify the **source of law**, locate it in the **constitutional setting**, then assign the relevant role to **courts or Parliament**. The task is to identify institution, authority and decision pathway.

Tikanga Māori comprises Māori values, principles and customary practices recognised within Aotearoa New Zealand's legal system. *Te Tiriti o Waitangi* frames enduring relationships and obligations between Māori and the Crown.

CHECK	WRITE
Rule source	legislation, case law, tikanga or constitutional context as supported
Institution	who has authority to make, apply or review?
Pathway	what decision changes, and by what route?
Boundary	study analysis is not advice for an actual dispute



Source-derived C4 cycle: authority and institutional pathway sit between a rule and the conclusion.

9 · Te Tiriti, Government, Legitimacy

C5 TOPIC · FAQ

Give three concepts separate jobs: **Te Tiriti o Waitangi** fixes the relationship or context; the **three branches of government** explain authority; **regulation and legitimacy** test the decision and stakeholder consequences.

WHEN ASKED ABOUT A POLICY OR BUSINESS ISSUE

```
institutional / Treaty context → branch and authority → regulatory mechanism → affected stakeholders → legitimacy and evidential boundary.
```

Boundary: legal and historical claims require current authoritative sources and respectful context. Do not reduce legitimacy to a generic branch diagram.

10 · GDP, Inflation, Labour

C9 TOPIC · FAQ

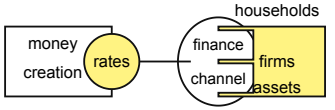
Read **real GDP**, **price level and inflation**, and **unemployment** together. Give each indicator a distinct job, then explain what the combination does and does not establish about wellbeing.

INDICATOR	USE IN THE CHAIN	LIMIT TO STATE
Real GDP	starting macro condition	not a complete wellbeing measure
Price level / inflation	change in purchasing conditions	national average can conceal distribution
Unemployment	labour-market consequence or check	headline measure omits unpaid / informal activity

Boundary: national averages conceal distribution and unpaid or informal activity.



Source-derived C9 synthesis: no single headline indicator settles wellbeing.



Source-derived C10 bridge: name the channel, delay and exposed group.

12 · Trade & Exchange Rates

C11 TOPIC · FAQ

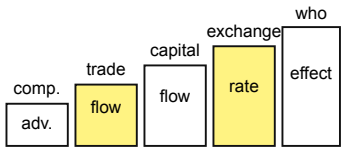
Begin with **comparative advantage**, connect it to a named **balance-of-payments** flow, then trace the **exchange-rate movement** to exposed businesses and households.

WHEN EVALUATING A CURRENCY MOVEMENT

```
transaction + exposure → trade / financial flow → exchange-rate movement → importer, exporter, household or firm effect → qualified judgement.
```

Boundary: a currency movement creates winners and losers rather than one national effect.

DO FIRST	THEN	NEVER
name transaction + exposure	trace importer / exporter / household	treat the country as one exposure
state comparative advantage	connect trade and financial flows	skip the balance-of-payments link



Source-derived C11 staircase: trade and financial flows sit between advantage and exposure.

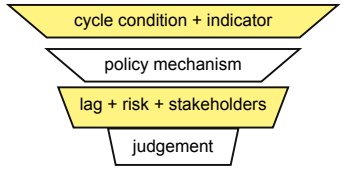
13 · Cycle & Stabilisation

C12 TOPIC · FAQ

Diagnose **business-cycle conditions**; separate **fiscal** and **monetary** mechanisms; compare the options by **lag, risk and stakeholder impact**; confront the inflation–recession trade-off.

STEP	QUESTION
Condition	which indicator supports recession or inflation risk?
Instrument	fiscal or monetary; what changes first?
Mechanism	how does it reach demand, finance or activity?
Lag	when is the effect expected?
Risk	what worsens if diagnosis or calibration is wrong?
Stakeholder	who bears the adjustment?

Boundary: calibration depends on uncertain and revisable economic data.



Source-derived C12 funnel: policy choice is diagnosis plus mechanism, lag, risk and impact.

BUSINESS115

Economics, Markets and Law

WORKED DRILLS · TRAPS · FAST RECALL · SEMESTER 2, 2026

Full guide %2B ask Sia about BUSINESS115

SIDE 2/2 FIVE WORKED DRILLS · COMMON TRAPS · METHOD CHOOSER · FAST-RECALL TABLES

OPEN-BOOK EXAM SHEET

Show the chain · preserve the boundary

15 · Worked 1: Solve Equilibrium

COURSE DATA · C3 · 4 MARKS

Given: Demand / MB = 22 − 2Q; Supply / MC = 2 + 0.5Q. Find the competitive equilibrium and interpret the method.

1 · EQUATE DEMAND AND SUPPLY [1]

```
22 - 2Q = 2 + 0.5Q
```

2 · COLLECT TERMS [1]

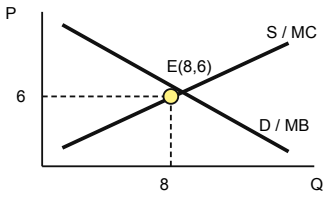
```
20 = 2.5Q → Q* = 8
```

3 · SUBSTITUTE BACK [1]

```
P* = 22 - 2(8) = 6
check: 2 + 0.5(8) = 6 → P* = 6
```

4 · INTERPRET [1]

```
At Q = 8, marginal benefit equals
marginal cost at price 6, subject to
the competitive model's assumptions.
```



New plain-SVG figure from the published equations; both substitutions return P = 6.

16 · Shock Drill

C3 WORKED METHOD

1. Name the changed **non-price determinant**.
2. State whether D or S shifts and in which direction.
3. Recompute or compare the new **P*** and **Q***.
4. Trace consumer surplus, producer surplus and wider welfare.

Trap: if only the good's own price changed, it is movement along the curve—not a shift.

FINAL CHECK	WHAT MUST BE VISIBLE
Representation	which values are supplied and derived
Algebra	signs, units, denominator and substitution
Direction	predicted change before arithmetic
Interpretation	price, quantity, welfare and named stakeholder
Boundary	assumption that narrows the result

OWN PRICE	NON-PRICE
movement along same curve	shift D or S
read new Q	name direction
	find new P*, Q*

New 2×2 decision visual: classify the cause before drawing the market response.

17 · Worked 2: Welfare Choice

C2 WORKED EXAMPLE · 4 MARKS

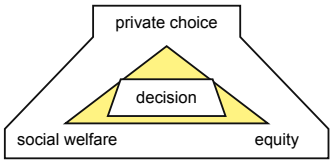
Task: compare a private decision with wider social costs and benefits without collapsing scarcity, welfare, efficiency and equity.

1. **[1]** State the exact comparison and the scarce resource or choice.
2. **[1]** Apply scarcity and incentives to the private decision; exclude sunk costs and identify the opportunity cost.
3. **[1]** Apply social welfare: consumer surplus + producer surplus before external costs or benefits.
4. **[1]** Use efficiency and equity to qualify the result: who gains, who loses, and is the process legitimate?

MODEL ANSWER SHAPE

```
Private incentive → allocation → CS
+ PS → wider cost / benefit →
distribution → qualified judgement.
```

Boundary: efficiency does not by itself settle distribution or legitimacy.



Source-derived welfare triangle: private efficiency does not settle wider costs or distribution.

18 · Fast Recall: Cost & Welfare

GLOSSARY · C2

TERM	DEFINITION	DECISION USE
Explicit cost	monetary payment	include in choice
Implicit cost	cost of owned resource	include as opportunity cost
Sunk cost	past, unrecoverable	exclude forward
Marginal analysis	additional benefit vs cost	one more unit
CS	willingness to pay − price	buyer surplus
PS	price − minimum willingness to accept	seller surplus

IF THE DRAFT...	REPAIR IT WITH...
counts a past payment	classify it as sunk and remove it
ignores an owned resource	state its implicit opportunity cost

retrieve rule → transfer case → counter-case → verify limit

Practice route adapted from the guide: retrieve, transfer, test a counter-case, verify the boundary.

19 · Worked 3: Externality Instrument

C7 WORKED EXAMPLE · 4 MARKS

Task: compare instruments by incentive, information, equity and implementation.

1. **[1]** Define the external cost or benefit and identify the uncompensated third party.
2. **[1]** Name the Pigouvian instrument and the behaviour it changes at the margin.
3. **[1]** Compare information need, who bears the cost or receives the benefit, and administrative burden.
4. **[1]** Apply the sustainable-business response and give a qualified recommendation.

MODEL ANSWER SHAPE

```
private transaction → external
effect → instrument → incentive
response → admin. + distribution →
recommendation.
```

Boundary: a correction can create new administrative and distributional effects.

INCENTIVE what changes at the margin?	INFORMATION what must be known?
EQUITY who pays, gains or loses?	IMPLEMENTATION what admin. burden?

New 2×2 instrument matrix: all four cells are required for a defensible comparison.

20 · Market-Power Mini Drill

C8 WORKED METHOD

A draft jumps from "oligopoly" to "regulate". Repair it:

1. State the market structure as the starting condition.
2. Name the alleged **strategic conduct**.
3. Show the price, innovation or stakeholder effect.
4. Compare a competition-policy option and its implementation limit.

Do not write: "high concentration proves abuse." It is evidence to investigate, not the conclusion.

State why the selected response fits the conduct and effect.

WEAK	MARKER-READY REPAIR
"monopoly is bad"	structure → named conduct → effect

structure evidence → conduct proof → effect on P / innov. → policy choice

Source-derived C8 chain: structure starts the inquiry; conduct and effect support the response.

21 · Worked 4: Law + Te Tiriti

C4–5 WORKED EXAMPLES · 4 MARKS

Task: explain how institutional and Treaty context shapes a policy or business issue.

1. **[1]** Identify the source of law and the specific object, relationship or condition being analysed.
2. **[1]** State the constitutional setting and which branch or institution has the relevant authority.
3. **[1]** Use Te Tiriti o Waitangi, regulation and legitimacy for a consequence or check that could change the result.
4. **[1]** Give the requested conclusion within current authoritative evidence and respectful context.

MODEL ANSWER SHAPE

```
source → institution / authority →
Treaty context → decision path →
stakeholder + legitimacy check.
```

Boundaries: this study analysis is not legal advice for an actual dispute; legal and historical claims require current authoritative sources.

source law → branch + authority → Treaty context → legitim. check → decision path

Source-derived legal cycle: source, authority, Treaty context and legitimacy each do different work.

22 · Legal Recall Table

C4–5 GLOSSARY · FAQ

PROMPT	FIRST QUESTION	REQUIRED QUALIFIER
Source of law	what authority supports the rule?	do not overstate the rule
Courts / Parliament	who makes, applies or reviews?	show the decision pathway
Tikanga Māori	which values, principles or customary practices are relevant?	recognition within Aotearoa NZ law
Te Tiriti	which Māori–Crown relationship or obligation matters?	current authority + respectful context
Legitimacy	who is affected and why is process accepted?	not reducible to efficiency

authority establishes → scenario supplies → student infers

Boundary visual adapted from the guide: keep authority, scenario and inference separate.

23 · Worked 5: Macro → Policy

C9–12 WORKED METHODS · 4 MARKS

Task: compare stabilisation options through mechanism, lag, risk and stakeholder impact.

1. **[1]** Diagnose the condition with real GDP, inflation and unemployment; state what the averages omit.
2. **[1]** Select fiscal or monetary policy and write the first mechanism it changes.
3. **[1]** Trace the channel through interest rates or activity to households, firms and asset markets; name the delay and exposure.
4. **[1]** Weigh inflation–recession risk and give a revisable judgement.

MODEL ANSWER SHAPE

```
indicator diagnosis → instrument →
transmission channel → lag →
stakeholder effect → risk-qualified
judgement.
```

Boundary: calibration depends on uncertain and revisable data; transmission varies by delay and exposure.

indicator diagnosis → policy instrument → channel + lag → risk + impact

Revise the answer if the diagnosis changes.

Source-derived macro chain: a policy label earns little without transmission, lag and exposed groups.

24 · Money + Macro Trap Table

C9–10 FAQS

TRAP	REPAIR
GDP = wellbeing	pair with inflation, unemployment and distributional limits
national average = everyone	name concealed groups and unpaid / informal activity
policy → outcome instantly	write the finance or activity channel and lag
same effect on all borrowers	name exposure and affected group
one certain forecast	state revisable indicator and calibration risk

SENSITIVITY MOVE	WHAT TO HOLD / CHANGE
Diagnosis	change the indicator closest to recession or inflation risk
Transmission	hold policy fixed; vary delay or exposure

real GDP level / trend → inflation price conditions → unemploy-ment

Source-derived C9 comparison: indicators constrain one another; averages still conceal distribution.

25 · Trade / FX Drill

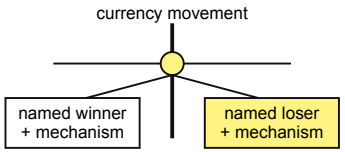
C11 WORKED EXAMPLE

A draft jumps from comparative advantage straight to "the country benefits". Repair it:

1. Name the transaction and currency exposure.
2. Connect comparative advantage to a named trade or financial flow in the balance of payments.
3. State the exchange-rate movement and trace it to importer, exporter, household or firm.
4. Conclude with winners and losers; do not assert one national effect.

SAFE CONCLUSION

```
"The currency movement changes [named
exposure], helping [stakeholder] while
hurting [stakeholder]; it therefore
has no single national effect."
```



Source-derived C11 branch: one exchange-rate move creates different effects by exposure.

26 · Method Chooser + Boundary

TOPIC MAPS · FAQS

PROMPT	START WITH	FINISH / BOUNDARY
private vs social	scarcity + welfare	efficiency ≠ equity / legitimacy
market shock	movement or shift?	P*, Q*, surplus; name determinant
responsiveness	price / income / cross	revenue + conditions
external effect	uncompensated third party	incentive, info, equity, admin.
market power	structure	conduct + effect; concentration ≠ proof
legal pathway	source + authority	institutional route; not legal advice
macro condition	GDP + inflation + unemployment	distribution / informal-activity limit
financing	money / rate condition	channel, delay, exposure
currency	transaction + flow	named winners and losers

mechanism supports → boundary narrows or reverses → qualified answer

Adapted boundary check: a valid mechanism still needs the chapter-specific limit.