

MACQUARIE
UNIVERSITY



FACULTY OF
BUSINESS AND ECONOMICS

ECON633/ECON823 Macroeconomics

Semester 1, 2011

Department of Economics

ABOUT THIS UNIT

This Unit provides an intensive introduction to Macroeconomic theory. At a time when the global economy is undergoing severe and seemingly intractable problems of recession, public debt and global financial imbalances, the Unit aims to introduce students to the contending schools of economic thought which have been called upon to deal with such crises in the past, and will be again. The theoretical models which have arisen out of those schools of thought will be presented, culminating in a study of current models of the behavior of national economies within a global economic system characterized by floating exchange rates. Along the way students will have a chance to hone their existing analytical, mathematical and other skills, and be introduced to new ones. The Unit is self-contained with no assumed knowledge of economics and will be appropriate to any newcomer to the field, and will provide a grounding in Macroeconomics up to intermediate level.

TEACHING STAFF

The Lecturer in charge in Semester I is Alex Blair, Department of Economics, Faculty of Business and Economics, Room E4A 418. Email alexander.blair@mq.edu.au

For all details administrative and relating to content, consult the lecturer in charge in class or in consultation hours. Administrative and other details can also be discussed by email directly to the lecturer or on the Unit 'Blackboard' at <http://learn.mq.edu.au>

CLASSES

This unit provides a single session of 3 hours face-to-face teaching per week. Classes will be held on Fridays 9-12 in C5A 226.

REQUIRED AND RECOMMENDED TEXTS

Recommended Text:

Olivier Blanchard & Jeffrey Sheen, *Macroeconomics*, Pearson, 3rd Australasian edition, 2009 (hereafter B&S).

The text is available for purchase at Co-op Bookshop.

There is a free online study resource:

http://wps.pearsoned.com.au/au_be_blanchardsheen_macroec_3/118/30377/7776691.cw/index.html

UNIT WEB PAGE

Lecture and tutorial material as well as up to date information concerning any aspect of the unit, including any changes to the schedule, will be available to students by logging on to Blackboard at <http://learn.mq.edu.au>.

LEARNING OBJECTIVES AND OUTCOMES

Subject specific learning outcomes:

- Understand the theoretical models that form the body of contemporary macroeconomics;
- Understand and apply macroeconomic models to various economic problems and issues;
- Understand the associated empirical implications and policy issues

Generic learning outcomes:

- Be open to new ways of thinking and appreciate the importance of intellectual curiosity and reflection as the foundation for continuous learning.
- Identify, define and analyse problems and recommend creative solutions within real-world constraints.
- Demonstrate a capacity to work independently including the ability to plan and achieve goals.
- Critically evaluate underlying theories, concepts, assumptions and limitations
- Be intellectually ready to participate in public policy discussions arising in business and government environments;
- Manage, analyse, evaluate and use information efficiently and effectively.

ASSESSMENT

The components of assessment in this course are as follows:

Early Semester Test	10	March 18th
Mid Semester Examination	30	April 8th
Assignment	20	May 30th
Final Examination	40	University examination period
Total	100	

Early Semester Test (March 18th):

The purpose of this test is to aid in preparation for the Mid-Semester and Final Examinations. As with the other in-semester assessments, this purpose is more important than the mere accumulation of marks. The test will cover the basic model presented in the first few weeks of lectures; the style of question will mirror those to be encountered in examinations later in semester, and will familiarise students with the requirements of dealing with economics exams. Any difficulties likely to hamper your progress will be identified in plenty of time for action to be taken.

Mid-Semester Examination (8th April):

The Mid-Term Examination will contribute 30% of the mark for the Unit, and so is an important part of the assessment. However it is identical in structure to the Final Exam and it is thus **mainly designed as practice for that Final Exam**. It gives you a chance to test whether your study methods and grasp of the material is sufficient to achieve success in the Unit. Thus you should see the Mid-Semester Exam as a learning exercise as much as an assessment tool, to help you to prepare for the Final Examination, which contributes 40% of the final marks for the Unit. Don't panic if you don't do well in the Mid-Semester Exam. As noted above, doing the Mid-Semester will be good practice for your, regardless of your result in terms of marks. You can retrieve a low mark in the Mid-Semester by doing satisfactorily in the Final Exam, using the experience you gain in doing the Mid-Semester.

Powerpoint Assignment (due 9am 30th May):

As with the Mid-Semester Examination, this is designed mainly as **practice for the Final Exam**. The topic will depend on our lecture timetable (which we will vary if we find that certain topics need more work) but it will almost certainly be the Mundell-Fleming model of an open economy. The task will be simple – you will put the diagrams needed to show a policy change in the model, in a single slide of a Powerpoint diagram. The diagram will be animated, in other words each curve will shift with a mouse click or a tap on the spacebar. If you don't know how to draw a diagram in Powerpoint, or to animate it, don't worry, we will show you how to do it in lectures. We'll also use this sort of diagram from the beginning of lectures, so you will know exactly what we mean. You might be asked for example to show the effect of an expansionary Monetary Policy using the model (there is a section in the textbook, with diagrams, which shows you exactly how to do this). There will be a Final Exam question which is very similar, so this will be excellent preparation for the Final Examination (and will also mean you won't have an excuse for not knowing the answer in the Final Exam!!). The task itself does not take very long, an hour or two, once you have mastered the model itself (which you have to do anyway for the Final Exam). Overall, this plus the Mid-Semester Exam should leave you well prepared for the Final Examination, and well placed to pass the subject, in the most time-efficient way possible.

Final Examination (University Final Examinations period):

The Final Examination will include both multiple choice and long answer questions, for which you will have received practice in the Mid-Semester Examination. Details regarding the structure of the Final Exam will be given in lectures. As always, the Final Examination has a large weight in your assessment, but you will be attempting it on the basis of the experience you have built up in the in-semester assessments. Thus you will be well prepared for the Final Exam.

Failure to attend mid-semester or final exam without the submission of an Application for Special Consideration on the grounds of illness or other unavoidable disruption together with the required supporting documentation will result in a mark of zero for the assessment.

If you wish to advise of your absence from a mid-semester test for reason of illness or other unavoidable disruption you must fill out an Application for Special Consideration. The forms are available from the Student Enquiry Service or online at <http://www.reg.mq.edu.au/Forms/APSCon.pdf>. The completed form with appropriate supporting documentation must be submitted to the Student Enquiry Service, not to the Faculty of Business and Economics.

For absence related to illness you will need to include an EFS Professional Authority Advice Form. Students granted Special Consideration for a missed mid semester test will not be allowed to sit the test at a different time. The value of the final exam will be increased on a pro rata basis. Granting of Special Consideration for the final exam will permit students to sit for a supplementary examination.

More detail on the policy and required documentation can be found at http://www.mq.edu.au/policy/docs/s/procedure_specialconsideration.htm

A 2 hour final examination for this unit will be held during the University Examination period. You are expected to present yourself for examination at the time and place designated in the University Examination Timetable. The timetable will be available in Draft form approximately eight weeks before the commencement of the examinations and in Final form approximately four weeks before the commencement of the examinations.

<http://www.timetables.mq.edu.au/exam>

The only exception to not sitting an examination at the designated time is because of documented illness or unavoidable disruption. In these circumstances you may wish to consider applying for Special Consideration. Information about unavoidable disruption and the special consideration process is available at the policy and required documentation can be found at http://www.mq.edu.au/policy/docs/s/procedure_specialconsideration.htm

If a Supplementary Examination is granted as a result of the Special Consideration process the examination will be scheduled after the conclusion of the official examination period

You are advised that it is Macquarie University policy not to set early examinations for individuals or groups of students. All students are expected to ensure that they are available until the end of the teaching semester, the final day of the official examination period.

PLAGIARISM

The University defines plagiarism in its rules: "Plagiarism involves using the work of another person and presenting it as one's own." Plagiarism is a serious breach of the University's rules and carries significant penalties. You must read the University's practices and procedures on plagiarism. These can be found in the *Handbook of Undergraduate Studies* or on the web at:

<http://www.student.mq.edu.au/plagiarism/>

The policies and procedures explain what plagiarism is, how to avoid it, the procedures that will be taken in cases of suspected plagiarism, and the penalties if you are found guilty. Penalties may include a deduction of marks, failure in the unit, and/or referral to the University Discipline Committee.

DETERMINATION OF OVERALL GRADE

The Academic Senate has a set of guidelines on the distribution of grades across a range from fail to high distinction. Your final result will include one of these grades plus a standardised numerical grade (SNG). On occasion, the raw mark that you receive for the unit may not be the same as the SNG that you receive.

STUDENT SUPPORT SERVICES

Macquarie University provides a range of Academic Student Support Services. Details of these services can be accessed at <http://www.student.mq.edu.au>.

FREQUENTLY ASKED QUESTIONS, FREQUENT PROBLEMS, AND SOME ADVICE ON PASSING THE UNIT

I will have much more advice on this in the first lecture (and before each of the exams) but first some general points:

- i) The textbook covers much of the material required for the Unit. The lectures will follow the structure of the textbook, and we will spend a great deal of lecture time investigating the models presented in it. But with the support of the textbook we will be able to move deeper into those models, and cover some new ground. We will also be able to provide in lectures some practical examples of the theoretical models provided in the text. All of this will be examinable.
- ii) Following from Point i), you must come to lectures. They give you an *interactive* summary and explanation of the material, in a way that no written notes or textbook can. In other words, no textbook can tell whether you understand what is being said; I can, by looking at your faces and listening to your questions, and I can explain it again or in a different way until you get it. Furthermore, you don't just get a review of the material, you also get advice on, and practice in, methods of answering exam-style questions.
- iii) To re-emphasise Points i) and ii), you must come to lectures. Given the volume of material covered in the lectures, it will be very difficult if not impossible to pass the Unit if you don't.
- iv) Don't panic if you don't immediately understand the material. Very often, understanding will come later, as the material becomes familiar. Very often, it is most clear when you return to it, closer to the end of the Unit, especially as we will have covered so much ground that the pieces will start fitting together in your mind.
- v) Following on from Point iv), **don't even try** to understand, until you have learnt the diagrams. You **cannot** understand a diagram, until you have learnt it well enough that you can close your eyes and see it in your mind. Most models are built around one or two major diagrams; if you can remember the diagram unaided, then you'll understand the diagram. Understanding the diagram, you'll understand the model. This advice is so important that perhaps it should be at the top of the list; and ignoring it is the easiest and quickest way to fail.
- vi) I am happy to go through practice exam questions with you. The first thing I will do, is ask you to draw the diagram or write down the equation, from memory. If you can't, I will throw you out of the window, and shout at you and other nasty things. In other words, look again at Point iv); that is, learn the diagrams first.

vii) Special Advice for Repeating Students:

- a. Sorry you weren't able to get through the Unit the first time, we'll do our best to help you get through, this time. First step, look again at Points ii), iv) and v), and ask yourself, is that why I didn't succeed? Maybe so.
- b. Often you received an SNG somewhere close to a Pass. This **doesn't** mean that doing the Unit a second time will easily give you those few extra marks. Very often, repeating students receive a **lower** grade than in their first attempt. Why? Because they assume that, since they were close to passing the first time, they don't need to come to lectures or to put in the necessary study time. This is a mistake, and it happens too often. Don't let it be you.

FURTHER INFORMATION

A lecture schedule and other materials will be made available in the first week of semester.

Alex Blair Department of Economics 2011