ECON490-861
Advanced Macroeconomics

Session 2, 2012

Department of Economics
Year and Session: Second session, 2012

Students in this unit should read this unit outline carefully at the start of session. It contains important information about the unit. If anything in it is unclear, please consult the lecturer.

ABOUT THIS UNIT

This unit reviews theoretical and empirical models of the economy for both the long and short run. In particular, it covers some of the main models used to frame key questions about the causes of economic growth and the business cycle. Emphasis is placed on economic modeling as a tool to understand the working of the economy, identify key relationships to be estimated, and develop and evaluate relevant macroeconomic policies. Students are required to understand and interpret the mathematics and economics of the underlying models.

The course generally follows the structure of the main recommended text aside from the several topics for which the readings will be distributed.

One of the key assessments is a project, centred on a referee or literature review, where students will have to demonstrate understanding and depth of readings relating theory to empirics and policy issues. At the end of this course, you should be able to:

- understand and contribute to economic policy debates related to business cycles;
- analyse theoretical problems in growth and business cycle models;
- critically interpret empirical studies of growth and development, and short-run fluctuations.

TEACHING STAFF

<table>
<thead>
<tr>
<th>Name</th>
<th>Room</th>
<th>Telephone</th>
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<tbody>
<tr>
<td><strong>Unit Convenor</strong></td>
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CONSULTATION TIMES

Students will be notified of staff consultation hours on ilearn.
LECTURES AND TUTORIALS
Lectures and tutorials are scheduled in the same day. Given the amount of topics covered, the lectures will provide a general overview of the topics focusing on key concepts and techniques. The tutorials will complement lectures by providing opportunities to develop in detail some of the concepts and techniques. Students are expected to come prepared to lectures and tutorials.

The timetable for classes for ECON490-861 is on the University web site at: https://timetables.mq.edu.au/2012/

REQUIRED AND RECOMMENDED TEXTS AND/OR MATERIALS
The textbook for 2012 is
(referred to SWJ later on)

The required text can be purchased from the Macquarie University Co-op Bookshop. They are also available at the Macquarie Library.

TECHNOLOGY USED AND REQUIRED
Lecture slides will be available on ilearn

LEARNING OUTCOMES
The learning outcomes of this unit are:
1. understand and contribute to economic policy debates related to business cycles;
2. analyse theoretical problems in growth and business cycle models
3. critically interpret empirical studies of growth and development, and short-run fluctuations..

GRADUATE CAPABILITIES
In addition to the discipline-based learning objectives, all academic programs at Macquarie seek to develop the capabilities the University’s graduates will need to develop to address the challenges, and to be effective, engaged participants in their world.

Through these Learning Outcomes, this unit contributes to the development of the following Graduate Capabilities:
Learning Outcome | MQ Graduate capabilities which the unit contributes to explicitly
---|---
1 | Discipline Specific Knowledge and Skills
2, 3 | Problem Solving and Research Capability
3 | Engaged and Ethical Local and Global citizens
3 | Creative and Innovative
2, 3 | Capable of Professional and Personal Judgement and Initiative

**TEACHING AND LEARNING STRATEGY**
The teaching strategy in ECON490-861 recognises that students learn independently and assume responsibility for the learning process and with academic integrity.

**RELATIONSHIP BETWEEN ASSESSMENT AND LEARNING OUTCOMES**
The total mark for ECON110 is calculated as follows:

<table>
<thead>
<tr>
<th>Assessment</th>
<th>Weighting</th>
<th>Type</th>
<th>Learning Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mid-term test</td>
<td>30%</td>
<td>Individual</td>
<td>1, 2</td>
</tr>
<tr>
<td>End-term test</td>
<td>40%</td>
<td>Individual</td>
<td>1, 2</td>
</tr>
<tr>
<td>Individual project</td>
<td>30%</td>
<td>Individual</td>
<td>1, 2, 3</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
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Assessments in this unit assist students in developing capabilities outlined as Learning Outcomes. There is emphasis on continuous assessment to encourage students to learn constantly and consistently throughout the session.

**Assessment:**

1. Mid-term test: week 6: 1.5-hour mid-term test worth 30% of the final mark.
2. End-term test: week 13: 2-hour end-term test worth 40% of the final mark.
3. Project: either (a) refereeing an academic article; or (b) a literature review on a topic of choice to be agreed with the convenor. The project must be handed in by week 13. It is worth 30% of the final mark.

**There is no final exam.**
POLICIES AND PROCEDURES

Macquarie University policies and procedures are accessible from Policy Central (http://www.mq.edu.au/policy/). You may find of particular interest those which can be found in the Learning and Teaching (http://www.mq.edu.au/policy/category.html#l_t) category.

Academic Honesty

The nature of scholarly endeavour, dependent as it is on the work of others, binds all members of the University community to abide by the principles of academic honesty. Its fundamental principle is that all staff and students act with integrity in the creation, development, application and use of ideas and information. This means that:

- all academic work claimed as original is the work of the author making the claim
- all academic collaborations are acknowledged
- academic work is not falsified in any way
- when the ideas of others are used, these ideas are acknowledged appropriately.

Further information on the academic honesty can be found in the Macquarie University Academic Honesty Policy at http://www.mq.edu.au/policy/docs/academic_honesty/policy.html

Grades

Macquarie University uses the following grades in coursework units of study:

- HD - High Distinction
- D - Distinction
- CR - Credit
- P - Pass
- F - Fail

Grade descriptors and other information concerning grading are contained in the Macquarie University Grading Policy which is available at:


Grading Appeals and Final Examination Script Viewing

If, at the conclusion of the unit, you have performed below expectations, and are considering lodging an appeal of grade and/or viewing your final exam script please refer to the following website which provides information about these processes and the cut off dates in the first instance. Please read the instructions provided concerning what constitutes a valid grounds for appeal before appealing your grade.
Special Consideration Policy

The University is committed to equity and fairness in all aspects of its learning and teaching. In stating this commitment, the University recognises that there may be circumstances where a student is prevented by unavoidable disruption from performing in accordance with their ability. A special consideration policy exists to support students who experience serious and unavoidable disruption such that they do not reach their usual demonstrated performance level. The policy is available at:

http://www.mq.edu.au/policy/docs/special_consideration/policy.html

Student Support

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

Student Enquiry Service

Details of these services can be accessed at
http://www.student.mq.edu.au/ses/

Equity Support

Students with a disability are encouraged to contact the Disability Support Unit who can provide appropriate help with any issues that arise during their studies.

IT Help

If you wish to receive IT help, we would be glad to assist you at
http://informatics.mq.edu.au/help/

When using the university's IT, you must adhere to the Acceptable Use Policy. The policy applies to all who connect to the MQ network including students and it outlines what can be done.
LEcTure TOpIcS

Topic 1
Exogenous growth: the Solow model and extensions.
Reading: SWJ ch. 2-6

Topic 2
Investment and asset prices, consumption and aggregate demand.
Reading: SWJ ch. 13-15

Topic 3
The AS-AD model.
Reading: SWJ ch. 16-18

Topic 4
Stabilisation policy.
Reading: SWJ ch. 19-21

Topic 5
Limits to stabilization policy: Credibility and Uncertainty.
Reading: SWJ ch. 22

Topic 6
The AS-AD model in the open economy.
Reading: SWJ 23-25

Topic 7
Intertemporal trade and current account balance.
Reading: Obstfeld and Rogoff (1996) ch. 1-2. (will be distributed)

Topic 8
Uncertainty and international financial markets.
Obstfeld and Rogoff (1996) ch. 5 (will be distributed)

Topic 9
Dynamic stochastic general equilibrium models.
Notes to be handed out

Some additional reading will be distributed on a weekly basis.