

MACQUARIE
UNIVERSITY



FACULTY OF
BUSINESS AND ECONOMICS

ECON823
MACROECONOMICS

SEMESTER 1, 2010

DEPARTMENT OF ECONOMICS

UNIT DESCRIPTION

This Unit is intended for postgraduate students with no prior study of Macroeconomics. It is a core unit of both the Postgraduate Diploma in Applied Economics and the Postgraduate Certificate in Applied Economics. It is also a qualifying unit for entry into the Masters of Economics and Master of Commerce (Economics) programs. Whilst the Unit requires no previous knowledge, it is an intensive, accelerated course, which aims to bring the students to an intermediate level of Macroeconomics.

Credit Points 4

LEARNING OBJECTIVES

After successfully completing this Unit, you will:

- be able to use a full model of an open economy to analyse macroeconomic policy and business issues;
- be able to recognise the origins and biases of opposing arguments in debates over economic theory and policy;
- be able to forecast the impact on the economy of exogenous shocks to it, and of policy changes instituted by the Government.

In addition to the discipline-based learning objectives, all academic programs at Macquarie seek to develop students' generic skills in a range of areas. One of the aims of this unit is that students develop their skills in relation to the following graduate capabilities:

Effective communication;

Creative thinking;

Critical analysis skills;

Foundation skills of literacy, numeracy and information technology;

Professional and personal judgement and initiative;

Ethical engagement in the issues facing local and global citizens;

LECTURER and LECTURES

Alex Blair ECON823 First Semester Convenor

Room: E4A 418

Telephone 61 2 9850 7897

Email ablair@efs.mq.edu.au

Consultation hours will be announced in the first week of Semester.

There will be one three-hour lecture session per week on Wednesdays, 6-9 pm, in Room X5B 134.

As noted in other sections of this Unit Guide, you must attend all classes in this Unit. There is a textbook, and it will be in frequent use. However many of the ideas that are crucial to understanding of the Unit, and assessable in examinations, will be developed most fully, and often solely, in the lectures.

REQUIRED TEXT

The textbook, which you are strongly recommended to buy, is:

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

ASSESSMENT

The assessment for the Unit will be based on examinations, both Mid-Semester and Final Exam, and on an Assignment. The aim is to prepare you as thoroughly as possible in the Unit material and in examination technique, so additional assessment options have been eschewed in order to maximise your chances of success in the core assessment components. Therefore the only other Assessment component is a Test early in Semester. This will be based on the material covered in the first few weeks, and aims to identify particular strengths and possible gaps in your knowledge that we can address during the rest of semester. The components of assessment in this Unit are as follows:

Test 1	10%
Mid-Semester Examination	20%
Powerpoint Assignment	20%
Final Examination	50%
TOTAL ASSESSMENT	100%

Test 1 (Wednesday 17th March):

As indicated by the small number of marks allocated to it, the purpose of this exercise is not assessment. It is intended to test for and give forewarning of any strengths and weaknesses that might affect your future performance in the Unit. It will be quite short, and requires a basic knowledge of the very simple model given in the first few weeks of Semester. This Test and the Mid-Semester Exam which follows a few weeks later will be held in the lecture time (Wednesday evening).

Mid-Semester Examination (Wednesday 31st March):

The Mid-Term Examination will contribute 20% 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 ECON823. 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 50% of the final marks for the Unit. Don't panic if you don't do well in the Mid-Semester Exam. Certainly don't decide to not turn up to the exam because you think you don't know enough to pass it!! As noted above, doing the Mid-Semester Exam 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 by electronic submission 10am Wednesday 12th 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 use the model to create the diagrams needed to show the effect on the economy of a Fiscal or Monetary policy change. You will put this 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. 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 in the model of a contractionary Monetary Policy (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 (time and location to be advised):

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.

Overall, to pass ECON823, students must satisfy **two separate requirements**:

- (1) Accumulate sufficient marks from all assessment tasks including the Final Examination to justify a passing grade; **AND**
- (2) Pass the Final Exam.

ECON823 ON THE WEB

The unit website is important in communicating with students and can be found via:

<http://learn.mq.edu.au>

This will bring you to the login page, from which you can enter all of the Units for which Blackboard sites are provided. All Unit material will be available there (and usually nowhere else). There is also a directory for questions to the lecturer, and another in which you can talk to each other (on any topic you want as long as you obey the rules of the site).

FREQUENTLY ASKED QUESTIONS, PROBLEMS AND SOME NOTES ON PASSING

I'll have lots 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 v); that is, learn the diagrams first.

ECON823 ON THE WEB

For details of the policy on plagiarism approved by Academic Senate, please refer to:

www.businessandconomics.mq.edu.au/for/new_and_current_students/undergraduate/how_do_i/cheating_and_plagarism

You will find there the policy statement (for undergraduate students; the policy applies also to postgraduate students).

ENQUIRIES ON ECON823

There will be one lecturer for this subject:

Alex Blair

Room E4A 418

ablair@efs.mq.edu.au

Telephone 9850 7897

You should come to see me for any administrative problem. **Don't go to any other academic or administrative staff with questions or problems arising in this subject.** This is my subject and **they won't know the answers.** I will check the Bulletin Board of the Website every weekday (though unfortunately I can't do this from home), and I will respond promptly. You can of course also email me in complete privacy. You can call me, but in general don't leave a voicemail message. (For a start, people often speak so fast that we can't hear your return phone number!!).

Don't hesitate to contact me. I would prefer to solve a problem early rather than have you hesitate and let it snowball. Overall, don't panic; in the end, any problem you have in ECON823 can be solved.

Alex Blair

15th January 2010