

MACQUARIE UNIVERSITY



Division of Economic and Financial Studies

ECON110 MACROECONOMIC PRINCIPLES

UNIT OUTLINE

2008

CONTENTS

1. AIMS AND NATURE OF THE COURSE
2. TEXTS
3. UNIT WEB SITE (ONLINE MATERIAL)
4. LECTURES
5. TUTORIALS
6. ASSESSMENT
7. ERIC (EFS RESOURCE AND INFORMATION CENTRE)
8. ENQUIRIES AND PROBLEMS
9. COURSE CALENDAR

QUICK REFERENCE: USEFUL SOURCES OF INFORMATION

- For **administrative matters**, contact Alex Blair (Tutor-in-charge), Ph: 9850-7897; E4A 418
- The login point for the **Unit web site** (and all your other units) is at <http://learn.mq.edu.au>

Click on “login” and it will ask you for your username and password. These will then give you access to the password-protected ECON110 website. You will find most, if not all, of the information about the Unit at the website, including contact details and consultation hours of your lecturers. Make sure in particular to access the Bulletin Board on the website, especially the Announcements from Teaching Staff directory, which contains important information and regular updates about the Unit.

1. AIMS AND NATURE OF THE COURSE

Welcome to the 2008 offering of ECON110 *Macroeconomic Principles*. ECON110 is the first of the two introductory courses in Economics at Macquarie University. It is first semester course that deals with ‘macroeconomics’, that is, with the study of the economy *as a whole* or *as an aggregated entity*. It thus focuses on topics such as aggregate income, unemployment, inflation, the balance of payments, exchange rates, money, and macroeconomic policy. By contrast, the second semester course, ECON111 *Microeconomic Principles*, is primarily concerned with ‘microeconomics’ – the analysis of *individual* units in the economy and the theory of consumers, firms and industries.

The course structure, by topic, is as follows:

Week 1	Introduction to economics
Week 2	Basic analytical tools
Week 2-3	GDP and inflation
Week 4	Savings and wealth
Week 5	Unemployment
Week 6	Business cycles
Week 6-7	The basic Keynesian model
Week 7-8	Money and monetary policy
Week 9	AS-AD model
Week 10	Economic growth
Week 11-12	The exchange rate
Week 12	The balance of payments
Week 13	Revision

At the end of this course it is unlikely that you will be able to solve the major problems of economics. However, an economics education should enable you to appreciate economic problems more clearly, to recognize which factors are critical and which arguments are dubious, and to begin to be able to evaluate conflicting claims about the economy. Economics is far more than a body of facts to be remembered, or the merely mechanical application of theoretical models. It was described by John Maynard Keynes (with whose ideas you will become more familiar) in this way: “The theory of economics is *a method* rather than a doctrine, an apparatus of the mind, a technique of thinking which *helps* its possessor draw correct conclusions” [emphasis added].

Eight steps to success in ECON110

1. Attend your lectures and tutorials
2. Read the relevant sections of the textbook before the lecture (see Section 2 below on Texts).
3. Summarise the lecture material after the lecture. Supplement with material from the textbook.
4. Do your tutorial exercises
5. Ask questions, preferably during your tutorial and if you really cannot attend a tutorial, through the Bulletin Board
6. Consult the Bulletin Board on the website regularly.
7. Don't let problems build up – seek help often and early.
8. Work in groups. It usually helps

University Staff provide a wide range of services to assist you with the unit. These include:

- tutorials
- unit web site with bulletin board
- individual consultation upon request
- assistance with study skills
- assistance with writing skills (English for Academic Purposes)
- assistance with mathematical skills (Numeracy Centre)
- assistance with personal problems (Counselling Service)

Links to more information about these services are available through the **Student Portal** on the website – check the **MQ Internet Links** tab.

However, it is **YOUR** responsibility – and not that of the staff – to ensure that a satisfactory understanding of the course material is achieved. How this understanding is achieved is also your responsibility – there are no fixed formulae.

2. TEXTS

The textbook in ECON110 for 2008 is:

Bernanke, B. H., N. Olekalns and R. H. Frank (2005) (re-printed 2006),
Principles of Macroeconomics. North Ryde: McGraw-Hill Australia.

This book covers the entire content of the unit.

Dictionaries of Economics

Dictionaries of Economics, of which there are several located in the Reference Area of the Library, can also be helpful. Note, however, that dictionaries sometimes contain mistakes and are sometimes incomplete. It is thus preferable to consult at least two different dictionaries, rather than rely on one alone.

Alternative Texts

It is possible to use an alternative textbook so long as it covers the same basic material and was not published too long ago, but you should be aware that different books have different emphases, symbols and conventions and the differences can be confusing. Your time is also too limited to conduct a research project on every subject.

3. UNIT WEB SITE (ONLINE MATERIAL)

The Unit web site plays an important role in communicating with students in ECON110.

The Unit web site has two sections: the first section contains publicly available material and provides basic course information such as that contained in this handout; the second section is password-protected and is available only to students currently enrolled in ECON110. It provides access to lecture slides, exercise solutions, and course announcements. You login to this material via the Welcome Page of the Unit web site.

To login you need a Username and password. Your ECON110 Username is your Macquarie University Student Number. The letter you received from the University after enrolment will also have informed you of your initial password. For security reasons we suggest you change your password when you first login. You *must* change it **within two weeks of the start of classes**. Your new password must be between 6-8 characters in length and must contain **both** letters and numbers. The password is case-sensitive: upper case and lower case letters are treated as **different** characters. If you forget your password or your account has been disabled, it can be reset by the Student IT Helpdesk.

More information about the Helpdesk is at
<http://www.lib.mq.edu.au/help/ithelp/index.html>

Consult the Announcements from Teaching Staff section of the Bulletin Board on the ECON110 website for further information on Internet access.

4. LECTURES

There are three one-hour lectures per week, which you will need to attend to maximise your performance in ECON110. You attend *three* lectures per week; not three per day and twelve per week!

Lectures are organised into four streams, each of which covers the same content, although the lecturers will differ.

Day Lectures:

Stream 1: Wednesday 1–2 pm; Thursday 12–2 pm. Macquarie Theatre

Stream 2: Wednesday 2–4 pm; Thursday 2–3 pm. Macquarie Theatre

Stream 4/5: Friday 11am–1pm W5A Price Theatre; 2–3 pm Macquarie Theatre

Evening Lectures:

Stream 3: Wednesday 6-8 pm; Thursday 6-7 pm . X5B T1

IMPORTANT NOTE:

You MUST attend the lecture stream for which you were registered to ensure that everyone gets a seat. For fire safety reasons, students are not permitted to sit on the steps or the aisles of the theatre during lectures. This requirement will be enforced, and students will be ejected if found attending lectures for which they are not registered.

There are four lecturers in the Unit:

- Max Tani (Lecturer-in-charge); Stream 1
(Room E4A 442, Ph: 9850 8499)
- Craig MacMillan; Stream 2
(E4A 427, Ph: 9850 7290)
- Alex Blair (Tutor-in-charge); Stream 3
(E4A 418, Ph: 9850 7897)
- Stephanie Brooks; Stream 4/5
(sbrooks@efs.mq.edu.au)

5. TUTORIALS

Each student is expected to attend 12 tutorials in ECON110. **Tutorials will begin in Week 2 and then be held each week for the rest of the semester.** Tutorials will be structured around tutorial problems from the textbook.

Tutorial Presentations will begin in Week 3 (Tutorial 2).

Tutorial lists (giving your tutorial time, tutorial number, and location) will be put in the password-protected section of the Unit Website at the beginning of Week 3.

It is essential that you know your tutorial number, the name of your tutor, and the time of your tutorial. Your tutor is your first reference point to clarify the material and answer your questions.

A full list of lecturers and tutors, including their contact details, is available on the Unit website at

http://www.econ.mq.edu.au/student_support

Tutors are happy to help you with any problems you may be having. Make sure you ask questions during the tutorial time – that is what it is for. You will be surprised how many other people in the room had the same question in mind and just weren't brave enough to ask!! If it is something that can't be solved during the tutorial hour, go and see your tutor during his/her consultation times. It is good to get problems sorted out as they occur, rather than wait until the last minute when it may be too late.

Change of Tutorial Time

Tutorial time changes **after 2pm Friday 29 February** will only be approved under exceptional circumstances. Submit the request in person to Alex Blair, E4A 418. You will need substantial evidence of your reason to change (e.g. a letter from your employer stating changed work hours).

6. ASSESSMENT

As the University Handbook states, “Each unit of study is worth a specified number of credit points”. The credit value of a unit reflects the amount of work required in the unit. Each credit point in a half-year unit would indicate that you should expect to spend about 3 hours each week on that unit. ECON110 has a value of 3 credit points, so you should spend on average **9** hours per week (lectures, tutorials, study, etc.) on this unit.

If you are not spending an average of 9 hours per week on ECON110, then you are not doing the amount of work necessary to pass this unit.

Assessment in the course is as follows:

Week		%
6	Multiple choice test (in lecture)	15
10	Long answer test (in lecture)	20
3-5, 7-9, 11-12	Tutorial presentation	5
TBA	Final exam	60
		<hr/>
		100
		<hr/>

The multiple choice test will be held in Week 6 and the long answer test will be held in Week 10 during your **normal lecture time**, and will last approximately 45 minutes. The multiple choice test consists of 20 questions which will be machine-marked. Incorrect answers to multiple choice questions receive a zero mark. The long answer test will require essay-type answers involving diagrams and explanations. The multiple choice and long answer tests are worth 15% and 20% respectively of your final mark.

These tests are for purposes of assessment and to give you practice for the final exam. If you fail to attend these tests you will be awarded a zero mark. There will be no catch-up or supplementary tests. Students who experience serious misadventure and are unable to attend a test should submit an Advice of Absence form to ERIC.

All students will be required to make one **tutorial presentation** during the semester. You will be asked, without prior notice, to present an answer to one of the tutorial questions. You should be fully prepared for every tutorial, in order to be ready to present your answer when the tutor requires you to do so. Further information will be given in your first tutorial.

Students who are absent from the tutorial when their name is called to give a presentation will be given a mark of zero. You will only be allowed to give a presentation in your own tutorial class. Students attending a tutorial class they are not registered in should know that they run the risk of receiving a zero mark for this component.

The **final examination** (3 hours) will consist of two components:

- (i) 20 Multiple choice questions (30% of Final Exam mark)
- (ii) 3 Long answers (70% of Final Exam mark).

To pass ECON110, students must satisfy **two separate requirements**:

- (1) Make a genuine effort to prepare for the **within-semester tests; and**
- (2) **Pass the Final Exam.**

IT IS ECONOMICS DEPARTMENT POLICY THAT FAILURE IN THE FINAL EXAM MEANS AUTOMATIC COURSE FAILURE NOTWITHSTANDING ANY OTHER CIRCUMSTANCES.

The dangers of plagiarism and how to avoid them

“The integrity of learning and scholarship depends on a code of conduct governing good practice and acceptable academic behaviour. One of the most important elements of good practice involves acknowledging carefully the people whose ideas we have used, borrowed, or developed. All students and scholars are bound by these rules because all scholarly work depends in one way or another on the work of others.”

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

Therefore, there is nothing wrong in using the work of others as a basis for your own work, nor is it evidence of inadequacy on your part, *provided you do not attempt to pass off someone else's work as your own.*

7. THE EFS RESOURCE AND INFORMATION CENTRE (ERIC)

ERIC is a resource facility that provides a very useful interface between students and the teaching staff in EFS. More about ERIC's services are available at

<http://www.efs.mq.edu.au/ss/eric>

ERIC is located in E4B 106 (on the ground floor). You need to familiarise yourself with its location and the services it provides.

8. ENQUIRIES AND PROBLEMS

Administrative enquiries

If you wish to change your tutorial time or have other administrative enquiries, contact Alex Blair (Tutor-in-charge), Ph: 9850-7897; E4A 418

If you have forgotten your password for the web site, contact the Student ITS Help desk at

<http://www.lib.mq.edu.au/help/ithelp/index.html>

Academic enquiries

If you are having difficulty understanding the course or what is required of you, contact your lecturer or tutor

If your tutor is unable to help, then contact one of the other tutors, or one of the lecturers in the course. If your question is not urgent, you can always post it on the online Bulletin Board and it will be answered in due course (but not instantly). Other students can then also benefit from your question and the posted response.

Advice of non-completion of coursework

If you are sick or experience misadventure such that you are unable to complete an item of coursework (multiple choice tests, for example), Macquarie has certain procedures which must be followed:

1. Download an 'Advice of Absence' form. A copy of the form can be found via http://www.efs.mq.edu.au/ss/important_processes/absences
2. Complete the form and hand it in to ERIC (E4B 106) along with any supporting documentation such as medical certificates.
3. ERIC will forward the forms to the relevant lecturers-in-charge

Do not advise any academic staff, and do not hand forms in to any academic staff. This procedure is **ONLY FOR COURSEWORK**. A different procedure applies for sickness and misadventure relating to final exams.

Personal

If, for any reason, you find yourself in serious difficulties in relation to your university studies, you are strongly encouraged to inform your tutor of your situation and how it is affecting you. You don't have to go into personal details if that is not your wish; just outline the facts of the case so that the tutor is **aware that a problem exists**. It is much better to do this while the difficulties are occurring rather than afterwards.

Many of you will face personal crises of one sort or another during your university career. Often these will occur in your first year. If you desire professional assistance of any kind with your personal problems, you are strongly encouraged to consult one of the helpful people at the University Counselling and Health Services, all of whom have experience with a very wide range of situations. This service is free. More information is available at <http://www.sss.mq.edu.au/>

Special consideration – final examination

In cases of illness or misadventure in relation to the final examination, you may appeal for Special Consideration. In this regard, the Economics Department offers you a form of insurance against factors that could affect your performance in the exam, or prevent you from sitting the examination on the day. However, like any insurance policy, a premium must be paid. For this policy, you are not asked to pay in money, but in marks in ECON110. Your attention is drawn to the following:

The procedures of the Division of Economic and Financial Studies allow Lecturers-in-Charge to refuse applications for Special Consideration on the grounds of 'Unsatisfactory Coursework'.

IN ECON110, NO STUDENT WILL BE GRANTED SPECIAL CONSIDERATION FOR THE FINAL EXAMINATION IF THEY HAVE NOT SCORED AT LEAST 50% OF THE MARKS AVAILABLE FROM WITHIN-SEMESTER ASSESSMENTS.

Grade appeal

If there is any circumstance or situation beyond your control which will affect your future performance in the Unit, particularly in the Final Examination, inform the University as soon as possible. It is advisable also to inform the Tutor-in-Charge, Alex Blair, in person or by email. Do this as soon as you are sure of the seriousness of the situation and its effect on your future performance. If there is a continuing difficulty, see more information about the formal grade appeal process at

http://www.efs.mq.edu.au/ss/important_processes/important_processes_grade_appeal_and_exam_script_viewing

9. COURSE CALENDAR

TIMING AND TEXTBOOK MATERIAL FOR LECTURES

Week 1	Introduction to economics	Chapters 1 and 2
Week 2	Basic analytical tools	Appendix to Chapter 1
Week 2-3	GDP and inflation	Chapter 3
Week 4	Savings and wealth	Chapter 4
Week 5	Unemployment	Chapter 5
Week 6	Business cycles	Chapter 6
Week 6-7	The basic Keynesian model	Chapter 7
Week 7-8	Money and monetary policy	Chapters 8 and 9
Week 9	AS-AD model	Chapter 10
Week 10	Economic growth	Chapters 11 and 12
Week 11-12	The exchange rate	Chapter 15
Week 12	The balance of payments	Chapter 16
Week 13	Revision	

TUTORIALS AND ASSESSMENTS

Week 1	No tutorials – enjoy your freedom!
Week 2	Tutorials begin
Week 3	Tutorial Presentations (TP) begin
Week 4	TP
Week 5	TP
Week 6*	No TP - Multiple choice test (15%)
Week 7	TP
Week 8	TP
Week 9	TP
Week 10*	No TP - Long answer test (20%)
Week 11	TP
Week 12	TP
Week 13	Revision

* Note that this Test will be held in the Thursday lecture for Streams 1–3 and in the Friday lecture for Stream 4/5 students.