

MACQUARIE  
UNIVERSITY



FACULTY OF  
BUSINESS AND ECONOMICS

# ECON110 Macroeconomic Principles

## Semester 1, 2011

*Department of Economics*

**MACQUARIE UNIVERSITY**  
**FACULTY OF Business and Economics**  
**UNIT OUTLINE**

**Year and Semester: First semester, 2011**  
**Unit convenor: Dr Massimiliano Tani**  
**Prerequisites / Co-requisites: None**

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

**ABOUT THIS UNIT**

- ECON110 *Macroeconomic Principles* is an elective introductory course in Economics, which focuses on the study of the economy *as a whole*, that is the economy seen as a set of markets related to each other, rather than on the features characterising the equilibrium in an individual market (e.g. the market for shoes);
- The topics covered in this course include gross domestic product (GDP), savings, unemployment, inflation, money, the balance of payments, the exchange rate, fiscal and monetary policy;
- At the end of this course, you should be able to:
  - (1) apply the main model used by economists to represent the economy (aggregate supply-aggregate demand);
  - (2) identify the forces that determine the equilibrium level of output, employment, inflation, interest rates, the exchange rate, and their movements;
  - (3) analyse and predict the effect of shocks to supply and/or demand;
  - (4) understand purpose and effects of active fiscal and monetary policy.

**SOME SUGGESTIONS TO SUCCEED IN ECON110**

1. Try to attend your lectures and tutorials even if attendance is not compulsory
2. Do your tutorial exercises before attending the tutorial
3. Don't let lecture material and tutorial problems build up.
4. Do not be afraid to ask questions in either lectures or tutorials. Consult your lecturer if questions remain
5. Try to work in group

**TEACHING STAFF**

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**Room Telephone**

**Email**

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**Unit Convenor**

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**Unit Administrator –  
Tutor in charge**

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**CONSULTATION TIMES**

Students will be notified of staff consultation hours during the first tutorial in week 2. The consultation timetable will also be made available in the unit's website. **Full-time members of staff will be available for two hours per week to conduct consultations on a drop-in basis.** Tutors may also be available for consultation.

You are encouraged to seek help from a staff member teaching on this unit during their regular consultation hours. In special circumstances, an appointment may be made outside regular consultation hours. Staff will not conduct any consultations by e-mail. Please note however that staff will only answer emails sent from official Macquarie University email accounts. You may, however, phone staff during their consultation hours.

Students experiencing significant difficulties with any topic in the unit are strongly encouraged to seek assistance immediately.

**CLASSES**

Classes in ECON110 are composed of lectures and tutorials. Unit materials are learnt by attending lectures and tutorials and through independent learning. The lectures provide a general overview of the topics highlighting a number of concepts and techniques and tutorials complement lectures by providing opportunities to further explore all relevant concepts and techniques.

**LECTURES**

Students should attend a two-hour lecture every week. Lecture slides will be available prior to the lectures, the Friday of the week before the lectures, at the unit's Web site. The lecture will also be available via ilecture after the last lecture of the week.

**TUTORIALS**

Each student must register for a tutorial. There will be a one-hour tutorial each week from weeks 2 to 13. Students must finalise their tutorial enrolment by end of Week 2.

The timetable for classes for ECON110 is on the University web site at: <http://www.timetables.mq.edu.au/>. Tutorial changes can **ONLY** be made through e-student. Students wishing to change tutorial times should log onto e-student and enrol in a class where there is a vacancy. All questions of an administrative nature in respect of tutorial allocation should be addressed to the Unit Administrator. Other staff members will not deal with tutorial changes.

Students should **try to attend all tutorials** in this unit, though attendance is not mandatory. **Please remember that tests carried out during the tutorials contribute up to 10% of your final mark (see assessment below).**

Remember also that **your tutor is your first reference point to clarify the material and answer your questions.** Tutors are always very 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.

### **Absences**

1) Students who are absent during an assessment or the final exam and, as a consequence, cannot complete unit requirements, must apply for Special Consideration.

The full policy is located at:

[http://www.mq.edu.au/policy/docs/special\\_consideration/policy.html](http://www.mq.edu.au/policy/docs/special_consideration/policy.html)

The form is available at:

<http://www.reg.mq.edu.au/Forms/APSCon.pdf>

2) Students who, for whatever reason, find themselves in serious difficulties in relation to university studies are strongly encouraged to inform their tutor of their situation and how it is affecting them. 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, moreover, might face personal crises of one sort or another during your university career. These might 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 Counseling and Health Services, all of whom have experience with a very wide range of situations. This service is free.

## REQUIRED AND RECOMMENDED TEXTS AND/OR MATERIALS

The textbook in ECON110 for 2011 is Bernanke, B.H., Olenick, N., and Frank, R.H. (2007), *Principles of Macroeconomic 2<sup>nd</sup> t* (Australian) Edition.

This book covers the entire content of the unit.

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

Blackboard CE6 is an online program available at <http://learn.mq.edu.au/> through which students will be able to access resources to assist them throughout the semester. Some slide presentations will be streamlined through iLecture.

## UNIT WEB PAGE

The following information will be available on Blackboard:

<ul style="list-style-type: none"><li>• Unit Outline</li></ul>	<ul style="list-style-type: none"><li>• Announcements</li></ul>
<ul style="list-style-type: none"><li>• Lecture slides</li></ul>	<ul style="list-style-type: none"><li>• iLecture</li></ul>
<ul style="list-style-type: none"><li>• Information on Assessments</li></ul>	<ul style="list-style-type: none"><li>• Staff consultation hours and contact details</li></ul>

You are strongly encouraged to regularly visit the website and use it as a resource centre to assist with your learning.

If you are unable to access the website because you are not aware of or have forgotten your username and password, please contact the IT helpdesk located on Level 1 of the Library on 9850 6500. The IT helpdesk will also be able to assist you with using Blackboard. Please note that there is also a help feature in Blackboard and you may refer to this instead for assistance in using Blackboard. If you have contacted the helpdesk in regard to your username and password and you are still unable to login to Blackboard you should then contact the Unit Administrator.

Please remember to log out when you have finished using Blackboard. Failure to do so could result in unauthorised access to your Blackboard account.

## LEARNING OUTCOMES

The learning outcomes of this unit are:

1. to identify, recognise and illustrate economic concepts and models that represent the economy as a whole;
2. to understand the drivers of demand and supply, and the consequences of changes, in a variety of markets such as the market for savings and investments, the labour market, the goods market, the money market, and the foreign exchange market, and their inter-relations;
3. to understand the instruments available to the government and the central bank to actively manage the economy in the short-run, and how they are, or can be, applied;
4. to analyse, evaluate and recommend solutions to problems or sudden changes that affect the economy around us.

### 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, 4	Problem Solving and Research Capability
3, 4	Engaged and Ethical Local and Global citizens
4	Creative and Innovative
2, 3, 4	Capable of Professional and Personal Judgement and Initiative

### TEACHING AND LEARNING STRATEGY

The teaching strategy in ECON110 recognises that students learn independently and **assume responsibility** for the learning process and with academic integrity. The teaching philosophy is articulated as follows:

#### **Lectures – large group learning (2 hour each teaching week)**

*Lectures are intended to provide an overview of basic macroeconomic theory and applications.*

**Independent learning – learning by doing (about 6 hours each teaching week and 9 hours each week during the 2-week mid-semester recess)**

*ECON110 relies heavily on independent learning where students read the relevant chapter, revise the lecture notes, prepare answers to the pre-set tutorial questions, and possibly extend themselves by doing additional reading, questions, exercises and problems.*

**Tutorials –small group learning (1 hour each teaching week beginning in Week 2)**

*Tutorials constitute a critical learning experience of this unit and students should attend them. The tutor will facilitate a highly student-centred discussion of answers to pre-set tutorial questions and problems. A tutorial is also an active forum to discuss with the tutor and the other students difficulties you encountered when preparing for the pre-set tutorial questions. Ask your tutor questions and further guidance on how to approach questions.*

**RELATIONSHIP BETWEEN ASSESSMENT AND LEARNING OUTCOMES**

The total mark for ECON110 is calculated as follows:

Assessment	Weighting	Type	Learning Outcomes
1) <i>In-class test 1</i>	10%	<i>Individual</i>	1, 2, 3
2) <i>In-class test 2</i>	20%	<i>Individual</i>	1, 2, 3
3) <i>In-class tutorial tests (total: 5)</i>	<i>2% each: total 10%</i>	<i>Individual</i>	1, 2, 3
4) <i>Final Exam</i>	60%	<i>Individual</i>	1, 2, 3, 4
<b>TOTAL</b>	<b>100%</b>		

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 semester.

If you are absent from a tutorial **and** miss an assessment, you must comply with requirements as stated above under 'Classes - Absences'. **This will ensure that the weight of the missed assessment will be added to the one of your final examination.**

***In-class test 1 – 10%***

This in-class test is made of 40 multiple choice questions. It is carried out in the FIRST HOUR of the lecture in each stream. It will last 45 minutes.

***In-class test 2 – 20%***

This in-class test is made of two problems. It is carried out in the FIRST HOUR of the lecture in each stream. It will last 45 minutes.

***In-class tutorial test – 10%***

There will be 5 in-class test (one each fortnight) during first 10 minutes of the tutorial, starting from week 3 (i.e. week 3, 5, 7, 10 and 12). The tutorial tests in week 3, 5 and 7 are composed by 10 MC each. The tutorial tests in weeks 10 and 12 are composed of one problem each. Each tutorial test carries a weight of 2%. You are encouraged to take the tutorial tests.

### ***Final Exam – 60%***

There will be one paper, of two hours duration, to be sat during the end of semester examination period. The paper will contain 30 multiple choice questions and three problems.

To pass the course a student's overall performance must be satisfactory. It is **not** mandatory to pass the final exam.

The University Examination period in the First Half Year 2011 is from June 6<sup>th</sup> to June 24<sup>th</sup>, 2010.

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.

The relevant website is <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.

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, that is, 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 2009 *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**

Please refer to the relevant section of the 2011 Handbook of Undergraduate Studies.

#### **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 at the first instance. Please read the instructions provided concerning what constitutes a valid grounds for appeal before appealing your grade.

[http://www.businessandconomics.mq.edu.au/for/new\\_and\\_current\\_students/undergraduate/admin\\_central/grade\\_appeals](http://www.businessandconomics.mq.edu.au/for/new_and_current_students/undergraduate/admin_central/grade_appeals).

#### **STUDENT SUPPORT SERVICES**

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

## LECTURE AND TUTORIAL SCHEDULE

Week 1	Introduction to economics – 1.3-1.6 and 2.1-2.2
Week 2	GDP and inflation – Chapter 3 Savings and wealth – Chapter 4
Week 3	Savings and wealth – Chapter 4 (continued) Unemployment – Chapter 5 <b>Tutorial test (10 MC on topics of week 2)</b>
Week 4	<b>Test (1<sup>st</sup> hour): 40MC on topics of weeks 1-3 included</b>  Introduction to business cycles – Chapter 6
Week 5	The basic Keynesian model – Chapter 7 <b>Tutorial test (10 MC on topics of week 2-4)</b>
Week 6	Fiscal policy – Chapter 8
Week 7	Money and monetary policy – Chapters 9 and 10 <b>Tutorial test (10 MC on topics of week 2-6)</b>
Week 8	Monetary policy – Chapter 10
Week 9	<b>Test (1<sup>st</sup> hour): 2 problems on topics of weeks 5-8 included</b>  Introduction to AS-AD model – Chapter 11
Week 10	AD-AS model – Chapter 11 <b>Tutorial test (1 problem on topics of week 5-8)</b>
Week 11	The exchange rate – Chapter 16
Week 12	The balance of payments – Chapter 17 <b>Tutorial test (1 problem on topics of week 5-11)</b>
Week 13	Revision