MACQUARIE UNIVERSITY

Division of Economic and Financial Studies

UNIT OUTLINE

ECON823 - MACROECONOMICS

February 2007

Marc Lombard
Unit Convenor
ECON823 - MACROECONOMICS

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

UNIT DESCRIPTION

This unit is intended for postgraduate students with a non-macroeconomics background. 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 Master of Economics and Master of Commerce (Economics) program. 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 OUTCOMES:

The unit-specific skills that ECON823 seeks to impart are an analytical and critical approach to the theory of income determination in closed and open economies, to the conduct of macroeconomic policy, and to the various competing theories of inflation and unemployment. This unit also seeks to develop generic skills: in particular, skills of critical analysis via evaluation and synthesis of lecture material and course reading; literacy, numeracy and information technology skills; communication skills; and problem-solving skills via the tutorial exercises program.

LECTURER

Marc Lombard, ECON823 Convenor
Room E4A-436,
Telephone: 9850 8501, Email: marc.lombard@mq.edu.au

Consultation times will be announced at the beginning of the course.

LECTURES/TUTORIALS

There will be one three-hour session each week, on Thursdays, 5-8 pm, in Room W5C-334.

ASSESSMENT

The assessment will consist of:
- Mid-semester tests, worth 30% of the marks
- Tutorial questions, worth 10%
- A final examination (2 hours) covering the whole course, worth 60%

marc.lombard@mq.edu.au
Important Notice

It is highly recommended that:
1. Students **attend all sessions**, as:
   a) test and examination include material discussed in the lectures  
   b) there is an on-going assessment during tutorials

2. Students be conversant, each week, with the concepts and issues    
   presented during lecture time, and are acquainted with the recommended reading material.

Final Examination

It is the policy of the Economics Department that **students need to pass the final examination in order to successfully complete a unit**

It is also 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.

RECOMMENDED TEXT AND REFERENCES

**Prescribed text:**

**Additional lecture notes will be provided on a weekly basis**

**Additional references:**

**Macroeconomic texts:**

**General references on the Australian economy:**

**Statistical data:**
- Australian Bureau of Statistics, *Australian Economic Indicators*, monthly
- Australian Parliamentary Library, *Monthly Economic and Social Indicators*
- Reserve Bank of Australia, *Bulletin*, monthly
- Commonwealth of Australia, *Budget Paper No 1*, AGPS, annually
- OECD, *Main Economic Indicators*, quarterly
- OECD, *Economic Outlook*, semi-annually
**Useful websites**
- OECD: [www.oecd.org](http://www.oecd.org)
- The Economist: [www.economist.com](http://www.economist.com)

**LECTURE PROGRAM and READING GUIDE**

Note:
For all tests/examination purposes, the required reading is in addition to notes provided in the lectures

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<td>Business Cycle, ch.21 (pp.480-81)</td>
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<td>National Accounts, ch.20 (pp.461-71)</td>
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<th>Topic 4 - Aggregate Supply and Demand (AS &amp; AD)</th>
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<td>Reading: McTaggart et al (2007), ch. 21 (pp.482-91), 23</td>
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Topic 6 - Inflation
   Measuring Inflation, ch. 21 (pp.492-95)
   Effects
   Causes
   Deflationary Policies
   The Philips Curve
   Reading: McTaggart et al (2007), ch. 29

Topic 7 - Fiscal Policy
   The Budget: Structural and Cyclical Components
   Financing the Budget Deficit
   Impact of Expenditure and Taxation
   Public Debt
   Reading: McTaggart et al (2007), ch. 25

Topic 8 - Monetary Sector & Monetary Policy
   Money Supply & Money Demand
   Credit Creation
   Interest Rates
   Monetary Transmission Mechanism
   Reading: McTaggart et al (2007), ch. 26, 27

Topic 9 - Effectiveness of Macroeconomic Policy
   IS-LM Model
   Issues in Fiscal Policy: "Crowding out" vs "Crowding in"
   Tax and Incentives
   Reading: McTaggart et al (2007), ch. 25

Topic 10 – Schools of Thought
   Macroeconomic Controversies
   Classical & Neoclassical
   Keynesian, New and Post Keynesian
   Monetarist, New Classical
   Reading: McTaggart et al (2007), ch. 22 (pp.520-21), ch. 31

Topic 11 – International Monetary Systems
   The Foreign Exchange Market
   Choice of Exchange Rate Regimes
   Macroeconomic Policy and Exchange Rate Regimes (IS-LM-BP)
   Exchange Rate Movements and Currency Crises
   Reading: McTaggart et al (2007), ch. 28

Topic 11 - External Sector
   Balance of Payments
   Trade and Elasticities
   Policy Responses to Current Account Imbalances
   Do Current Account Deficits Matter?
   External Debt
   Reading: McTaggart et al (2007), ch. 32
The numbering of topics above is not related to the number of lecture weeks. Some topics are shorter/longer than others.

UNIVERSITY POLICY ON GRADING
Academic Senate has a set of guidelines on the distribution of grades across the range from fail to high distinction. Your final result will include one of these grades plus a standardised numerical grade (SNG). On occasion, your raw mark for a unit (i.e., the total of your marks for each assessment item) may not be the same as the SNG which you receive. Under the Senate guidelines, results may be scaled to ensure that there is a degree of comparability across the university, so that units with the same past performances of their students should achieve similar results. The process of scaling does not change the order of marks among students. A student who receives a higher raw mark than another will also receive a higher final scaled mark.

For an explanation of the policy see:
http://www.mq.edu.au/senate/MQUonly/Issues/detailedguidelines.doc

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 on the web at: http://www.student.mq.edu.au/plagiarism/. Penalties may include a deduction of marks, failure in a unit, and/or referral to the University Discipline Committee.

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

ERIC (EFS resource and Information Centre) – E4B-106.
Direct to Peer Advisers: 9850 x9958, eric@efs.mq.edu.au

ENQUIRIES
Any enquiries about the unit should be directed to Marc Lombard, lecturer-in-charge, room E4A-436, tel. 9850 8501, email: marc.lombard@mq.edu.au