



ECON110

Macroeconomic Principles

S1 Day 2014

Economics

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General Information

Unit convenor and teaching staff

Unit Convenor

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E4A 429

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Credit points

3

Prerequisites

Corequisites

Co-badged status

Unit description

This unit is an introductory course in macroeconomics. It focuses on the economy as a whole, the economy seen as a set of markets related to each other, rather than on the features characterising the equilibrium in an individual market, for example, the market for shoes. Topics covered include gross domestic product (GDP), savings, unemployment, inflation, money, the balance of payments, exchange rates, fiscal policy and monetary policy. At the end of the course, students should be able to apply the main model used by economists to represent the economy (aggregate supply-aggregate demand), identify the forces that determine the equilibrium level of output, employment, inflation, interest rates, the exchange rate and their movements, and be able to analyse and predict the effect of shocks to supply and/or demand.

Important Academic Dates

Information about important academic dates including deadlines for withdrawing from units are available at <https://www.mq.edu.au/study/calendar-of-dates>

Learning Outcomes

On successful completion of this unit, you will be able to:

To explain and compute basic economic variables, such as GDP, inflation, savings and unemployment.

To explain and apply the income-expenditure and aggregate demand-aggregate supply models.

To explain the role of money and the credit creation process.

To evaluate the instruments available to governments and central banks to manage the economy. In other words, to evaluate the use of fiscal and monetary policy.

To explain and apply the economic relationships a country has with the rest of the world.

To make macro-economic policy recommendations given different economic scenarios.

Assessment Tasks

Name	Weighting	Due
<u>Tutorial Homework</u>	25%	At the end of each tutorial
<u>In-Class Test</u>	25%	30 April
<u>Final Examination</u>	50%	University Examination Period

Tutorial Homework

Due: **At the end of each tutorial**

Weighting: **25%**

You are expected to submit answers to the tutorial questions each week at the end of your tutorial. Only five of these sets of tutorial questions will be marked by your tutor. You will not be told beforehand which sets of questions are to be marked.

Each set of marked questions is worth 5% of your total grade. In other words tutorial submissions account in total for 25% of your total grade.

No extensions will be granted. Students who have not submitted their tutorial homework prior to the deadline will be awarded a mark of zero, except in cases in which an application for special consideration is made and approved.

You are expected to attempt each week's questions prior to coming to the tutorial. The tutorial is the place where you have the opportunity to ask questions and clarify any problems you have with the tutorial questions. It is your responsibility to make good use of the tutorial time to have any problems resolved. The tutorial is not a mini-lecture, so your tutor will not be going through each question on the whiteboard. You are also welcome to ask questions about the tutorial submissions by using the discussion forum on ilearn.

Solutions to each week's tutorial questions will be placed on the unit's ilearn site, at the end of each week. It is your responsibility to use this material to clarify any remaining problems you have with the tutorial questions.

No marks are awarded for tutorial attendance.

On successful completion you will be able to:

- To explain and compute basic economic variables, such as GDP, inflation, savings and unemployment.
- To explain and apply the income-expenditure and aggregate demand-aggregate supply models.
- To explain the role of money and the credit creation process.
- To evaluate the instruments available to governments and central banks to manage the economy. In other words, to evaluate the use of fiscal and monetary policy.
- To explain and apply the economic relationships a country has with the rest of the world.
- To make macro-economic policy recommendations given different economic scenarios.

In-Class Test

Due: **30 April**

Weighting: **25%**

In week 7 a mid-session test will be held in the lecture. The test will go for 90 minutes. You can bring your textbook and whatever notes you deem appropriate into the examination room. The test addresses the material covered in Weeks 1-6.

On successful completion you will be able to:

- To explain and compute basic economic variables, such as GDP, inflation, savings and unemployment.
- To explain and apply the income-expenditure and aggregate demand-aggregate supply models.
- To evaluate the instruments available to governments and central banks to manage the economy. In other words, to evaluate the use of fiscal and monetary policy.
- To make macro-economic policy recommendations given different economic scenarios.

Final Examination

Due: **University Examination Period**

Weighting: **50%**

The final examination will consist of short and long answer questions. The final examination covers all of the course material. The examination will be 2 hours writing time plus ten minutes reading time. It is a closed book exam.

On successful completion you will be able to:

- To explain and compute basic economic variables, such as GDP, inflation, savings and unemployment.

- To explain and apply the income-expenditure and aggregate demand-aggregate supply models.
- To explain the role of money and the credit creation process.
- To evaluate the instruments available to governments and central banks to manage the economy. In other words, to evaluate the use of fiscal and monetary policy.
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Delivery and Resources

Classes

Classes in ECON110 are composed of lectures and tutorials. Unit content is addressed by attending lectures and participating in tutorials and through independent learning. The lectures provide a general overview of the topics highlighting concepts and techniques. Tutorials complement lectures by providing opportunities to further explore the concepts and techniques initially introduced in lectures.

LECTURES

Students should attend the two-hour lecture every week. Lecture slides will be available prior to the lecture on the unit's Website. The lecture will also be recorded and available via iLearn.

TUTORIALS

Each student must register for a tutorial. 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 register 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.

There will be a one-hour tutorial each week from weeks 2 to 13.

Tutorials constitute a critical learning experience of this unit and students should attend them. The tutor will facilitate a 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.

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

You can also seek academic assistance via the discussion forum on the iLearn site for ECON110.

INDEPENDENT LEARNING

This is about learning by doing; for each face-to-face hour of teaching in any week, you should expect to do 3 hours at-home study.

ECON110 relies heavily on independent learning where students read the relevant chapter, revise the lecture notes and prepare answers to the pre-set tutorial questions.

Prizes

The Westpac Macroeconomics Prize

Open to all students proceeding to the degree of Bachelor. It is awarded for proficiency in this unit.

Required and Recommended Texts and/or Materials

Bernanke, B.H., Olekalns, N., and Frank, R.H. (2011), Principles of Macroeconomic (Australian) Macquarie University Edition.

This book covers the entire content of the unit. Other editions of the textbook are a valid substitute for the Macquarie University edition.

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

Technology Used and Required

Unit Web Page

- Course material is available on the learning management system (iLearn)
- The web page for this unit can be found at: <http://ilearn.mq.edu.au/course/view.php?id=714>

The following information will be available on iLearn:

Unit Outline	Announcements
Lecture slides	iLecture
Information on Assessments	Staff consultation hours and contact details

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

Unit Schedule

LECTURE AND TUTORIAL SCHEDULE

Week	Topics
1	Output and Prices - Chapter 1
2	Savings and Wealth & Unemployment - Chapters 2 & 3
3	Short Term Economic Fluctuations - Chapter 4
4	Spending and Output in the Short Run - Chapter 5
5	Spending and Output in the Short Run - Chapter 5
6	Fiscal policy - Chapter 6
7	Mid-Session Test
8	Monetary policy - Chapters 8-9
9	AD-AS Model - Chapter 9
10	AD-AS model - Chapter 9
11	The exchange rate - Chapter 14
12	The balance of payments - Chapter 15
13	Over-Run & Revision

Policies and Procedures

Macquarie University policies and procedures are accessible from [Policy Central](#). Students should be aware of the following policies in particular with regard to Learning and Teaching:

Academic Honesty Policy http://mq.edu.au/policy/docs/academic_honesty/policy.html

Assessment Policy <http://mq.edu.au/policy/docs/assessment/policy.html>

Grading Policy <http://mq.edu.au/policy/docs/grading/policy.html>

Grade Appeal Policy <http://mq.edu.au/policy/docs/gradeappeal/policy.html>

Grievance Management Policy http://mq.edu.au/policy/docs/grievance_management/policy.html

Disruption to Studies Policy http://www.mq.edu.au/policy/docs/disruption_studies/policy.html *The Disruption to Studies Policy is effective from March 3 2014 and replaces the Special Consideration Policy.*

In addition, a number of other policies can be found in the [Learning and Teaching Category](#) of Policy Central.

Student Code of Conduct

Macquarie University students have a responsibility to be familiar with the Student Code of

Conduct: https://students.mq.edu.au/support/student_conduct/

Student Support

Macquarie University provides a range of support services for students. For details, visit <http://students.mq.edu.au/support/>

Learning Skills

Learning Skills (<mq.edu.au/learningskills>) provides academic writing resources and study strategies to improve your marks and take control of your study.

- [Workshops](#)
- [StudyWise](#)
- [Academic Integrity Module for Students](#)
- [Ask a Learning Adviser](#)

Student Services and Support

Students with a disability are encouraged to contact the [Disability Service](#) who can provide appropriate help with any issues that arise during their studies.

Student Enquiries

For all student enquiries, visit Student Connect at <ask.mq.edu.au>

IT Help

For help with University computer systems and technology, visit <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.

Graduate Capabilities

Discipline Specific Knowledge and Skills

Our graduates will take with them the intellectual development, depth and breadth of knowledge, scholarly understanding, and specific subject content in their chosen fields to make them competent and confident in their subject or profession. They will be able to demonstrate, where relevant, professional technical competence and meet professional standards. They will be able to articulate the structure of knowledge of their discipline, be able to adapt discipline-specific knowledge to novel situations, and be able to contribute from their discipline to inter-disciplinary solutions to problems.

This graduate capability is supported by:

Learning outcomes

- To explain and compute basic economic variables, such as GDP, inflation, savings and

unemployment.

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- To evaluate the instruments available to governments and central banks to manage the economy. In other words, to evaluate the use of fiscal and monetary policy.
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Assessment tasks

- Tutorial Homework
- In-Class Test
- Final Examination

Critical, Analytical and Integrative Thinking

We want our graduates to be capable of reasoning, questioning and analysing, and to integrate and synthesise learning and knowledge from a range of sources and environments; to be able to critique constraints, assumptions and limitations; to be able to think independently and systemically in relation to scholarly activity, in the workplace, and in the world. We want them to have a level of scientific and information technology literacy.

This graduate capability is supported by:

Learning outcomes

- To explain and apply the income-expenditure and aggregate demand-aggregate supply models.
- To explain the role of money and the credit creation process.
- To evaluate the instruments available to governments and central banks to manage the economy. In other words, to evaluate the use of fiscal and monetary policy.
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Problem Solving and Research Capability

Our graduates should be capable of researching; of analysing, and interpreting and assessing data and information in various forms; of drawing connections across fields of knowledge; and

they should be able to relate their knowledge to complex situations at work or in the world, in order to diagnose and solve problems. We want them to have the confidence to take the initiative in doing so, within an awareness of their own limitations.

This graduate capability is supported by:

Learning outcomes

- To explain and apply the income-expenditure and aggregate demand-aggregate supply models.
- To explain the role of money and the credit creation process.
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