ECON214

Applied Macroeconomics

S1 Day 2015

Dept of Economics

Contents

General Information

Unit convenor and teaching staff
Unit Convenor
Alexander Blair
alexander.blair@mq.edu.au
Contact via alexander.blair@mq.edu.au
E4A 418
Consultation hours to be advised

Credit points
3

Prerequisites
15cp including ECON110

Corequisites

Co-badged status

Unit description
This unit is designed to build upon the models developed in ECON204 but also serves as a standalone unit in applied macroeconomics. Some of the models are therefore familiar from ECON204, but they are taught here from their basics and without assumed knowledge. This unit includes a substantial introduction to the history of economic thought, allowing students to see the origins of the models they study, and therefore better understand the models themselves. It covers also IS-LM, the labour market, basic AD-AS models, the various incarnations of the Phillips Curve, and exchange rates, and culminates in the Mundell-Fleming model of an open economy. These models are illustrated by application to modern economies, both through the lectures and in a selection of papers from academic journals examined in tutorials. Students will also benefit from the development of basic skills such as short essay writing for examinations, and basic mathematical skills – all such skills are taught and practised in class, and again, require no prior knowledge. In particular, students who have not yet completed ECON204 will not be disadvantaged, and will benefit from the grounding in ECON204 models that this unit will provide. It will benefit also those seeking an introduction to the history and application of economic models, who will gain also an accompanying set of valuable general skills.

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:

Distinguish between models of macroeconomics at an intermediate level

Apply those models to real world situations

Use and evaluate basic computer software to assist with the use of macroeconomic models

Assessment Tasks

Name	Weighting	Due
Introductory Class Test	10%	Week 4
Class Test	30%	Week 7
Assignment	20%	Week 12
Final Examination	40%	University Examination Period

Introductory Class Test

Due: **Week 4**
Weighting: **10%**

Submission
Written test in class.

Feedback
Exam script will be returned with comments.

Comment
This test will review some of the material covered in the early lectures. More than this however, it is intended to give you practice in some of the skills and techniques you will need in the Mid-Semester Test and Final Exams. In other words it will give us a snapshot of your current skill set, and is intended mainly for that purpose, rather than to accumulate marks. It will let us identify any possible problems and solve them early.

On successful completion you will be able to:
• Distinguish between models of macroeconomics at an intermediate level

Class Test

Due: **Week 7**
Weighting: **30%**

Submission
Written test in class.

Feedback
Exam script will be returned with comments.

Comment
The aim of this examination is to help with the learning process, as much as it is for purposes of assessment. The exam will focus on the ideas, facts and concepts that are the building blocks for understanding what is going on in our economy. It will consist of some theory questions (based around a diagram or diagrams), some short essay style questions (good practice for the Final Exam, and of what is generally a useful skill) and some simple calculations (which we will train you to be able to do). It will be of 1.5 hours duration. The Final Exam will have similar types of questions so the Class Test is good preparation for it, and is mainly intended for that purpose rather than just to accumulate marks.

On successful completion you will be able to:

- Distinguish between models of macroeconomics at an intermediate level
- Apply those models to real world situations

Assignment

Due: **Week 12**
Weighting: **20%**

Submission
By email, as Powerpoint document in attachment.

Feedback
Assignment will be returned with comments.

Comment
As with the Mid-Session Test, 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 might include for example a rendering in Powerpoint of the Mundell-Fleming model, or some other model relevant to the lectures. (We will show you how to work in Powerpoint, a useful skill generally). There will be a Final Exam question covering very similar content, 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 Test should leave you well prepared for the Final Examination, and well placed to pass the subject, in the most time-efficient way possible. What is more, this is a chance to test some basic professional skills. As noted below, this Assignment is to be submitted electronically, and as in any business or work situation we will

expect this to be done correctly – how to do it will be explained in detail on the Assignment handout itself. Most people do submit correctly, so there is not much to worry about here except for a small number of students, but the consequences of not doing the right thing could be serious for that small group. And of course in the business world the cost of unprofessional work is much higher – you have a chance here to practice, at a reasonably low professional cost. Look carefully at the instructions given for the Assignment, and for all the tasks required by the Unit, and you will be fine.

Late submission of the Assignment**:** No extensions will be granted. Late tasks will be accepted up to 72 hours after the submission deadline. A deduction of 15% of the total available marks will be made from the awarded mark, for each 24 hour period or part thereof that the submission is late (for example, submission late by 25 hours will cause a penalty to be imposed of 30% of the total mark for the exercise, that is, a deduction of 6 marks). This penalty does not apply for cases in which an application is made and approved for special consideration on grounds of disruption of studies.

On successful completion you will be able to:

- Distinguish between models of macroeconomics at an intermediate level
- Apply those models to real world situations
- Use and evaluate basic computer software to assist with the use of macroeconomic models

Final Examination

Due: **University Examination Period**
Weighting: **40%**

Formal Examination
End of session formal examination.

Comment

The final exam will consist of essay-style questions plus some short answer material. More details regarding the Final Exam will be given towards the end of the session, but the style is very similar to that of the Mid-Session Class Test, which will be excellent preparation for it – some theory questions, some short essays, some calculation questions. The Exam will cover both lecture content and material specifically covered in tutorials (which makes attendance in lectures and participation in tutorial essential for success in the Unit) including the journal article readings which are required for tutorial preparation.

On successful completion you will be able to:

- Distinguish between models of macroeconomics at an intermediate level
- Apply those models to real world situations

Delivery and Resources

Classes

- This unit provides 3 hours face-to-face teaching per week consisting of 1 x 2 hour lecture and 1 x 1 hour tutorial
- The timetable for lectures and tutorials can be found on the University web site at: http://www.timetables.mq.edu.au/ Consult this website for times and locations of tutorials.

Required and Recommended Texts and/or Materials

As an applied unit, we will be looking at specific models used in practice rather than drawing upon a theoretical text. Access to the textbook for ECON204:

Olivier Blanchard & Jeffrey Sheen, Macroeconomics, Pearson, 3rd Australasian edition, 2009

would be useful but not mandatory. Other readings will be supplied online or by the lecturer.

Often when we want you to read a certain article, you will need to find it through the Library. A particularly valuable source for this Unit is the EconLit database, available from the Library online. Go to the Library homepage from the Macquarie University website (it is best to do this from an on-campus computer, to ensure access) and you'll see the following:

MultiSearch

one-stop search across Library resources [Search]

Catalogue Databases e-Reserve Journal Finder

Click the second option "Databases" and enter the name Econlit. This will lead you to the Econlit hyperlink; click on it and you will enter the Econlit search page. You can commence a search using the three search boxes in the top left corner (you can add additional rows as necessary). As an example, enter the words "Keynes", "Britain" and "Depression" (one word in each row; no need at this stage to specify the field). It is likely that at the top of the list you will find:

Esslinger, H.U. (1996) "More of Keynes and Less of Milton Friedman: Sir Hans Singer's Contributions to Economics", *Review of Political Economy*, October, Issue 4, Volume 8, pp. 367-78.

This is a typical, refereed academic journal article, of the type upon which you will rely when studying this unit and others like it.

Note that below the title you might find a hyperlink to a pdf file of the full text of the article. If you find the article listed in Econlit, but without the link to the pdf file, then make note of the Date, Volume, and Issue of the article you want, in this case October 1996, Volume 8, Issue 4, pp.

367-78. Then go back to the Library homepage and copy the name of the journal, in this case *Review of Political Economy* into the "Journals" search link. Follow the links; for most journals you will be able to find a pdf file of the article you want from the journal itself.

Technology Used and Required

- Much of the unit's material will be available at its ilearn website.
- Access to Powerpoint software would also be an advantage.

Unit Web Page

Lecture and tutorial material as well as up to date information concerning any aspect of the unit, including any changes to the schedule, will be available to students by logging on to Blackboard at http://learn.mq.edu.au.

Unit Schedule

What follows is a guide to the topics covered, and the order in which they will be covered. However we will leave ourselves free to spend more or less time on particular topics if it seems warranted..

Week	Topic
1	Some admin, basic ideas and skills
2	A Short History of Economic Thought
3	Goods and Money Markets (Y-E Model)
4	Explaining the Great Depressions
5	Explaining the booms - Australia
6	Inflation and how to tame it
7	The Inflation-Unemployment Tradeoff
8	Deflation and Liquidity Traps
9	Our Achilles Heel - Real Wage Overhangs
10	Exchange Rates Fixed and Floating
11	IS-LM-IP and IS-LM-BP models
12	Minsky and Crises
13	Revision

Learning and Teaching Activities

Lecture

1 x 2 hours per week

Tutorial

1 x 1 hour per week starting Week 2

Independent learning

6 x hours per week

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/

Results

Results shown in *iLearn*, or released directly by your Unit Convenor, are not confirmed as they are subject to final approval by the University. Once approved, final results will be sent to your student email address and will be made available in eStudent. For more information visit ask.mq.edu.au.

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

Creative and Innovative

Our graduates will also be capable of creative thinking and of creating knowledge. They will be imaginative and open to experience and capable of innovation at work and in the community. We want them to be engaged in applying their critical, creative thinking.

This graduate capability is supported by:

Learning outcome

- Distinguish between models of macroeconomics at an intermediate level

Assessment task

- Assignment

Learning and teaching activity

- 6 x hours per week

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

- Distinguish between models of macroeconomics at an intermediate level
- Use and evaluate basic computer software to assist with the use of macroeconomic models

Assessment tasks

- Class Test
- Assignment
- Final Examination

Learning and teaching activities

- 1 x 2 hours per week
- 6 x hours per week

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

- Distinguish between models of macroeconomics at an intermediate level
- Apply those models to real world situations
- Use and evaluate basic computer software to assist with the use of macroeconomic models

Assessment tasks

- Introductory Class Test
- Class Test
- Assignment

- Final Examination

Learning and teaching activities

- 1 x 1 hour per week starting Week 2
- 6 x hours per week

Effective Communication

We want to develop in our students the ability to communicate and convey their views in forms effective with different audiences. We want our graduates to take with them the capability to read, listen, question, gather and evaluate information resources in a variety of formats, assess, write clearly, speak effectively, and to use visual communication and communication technologies as appropriate.

This graduate capability is supported by:

Assessment tasks

- Introductory Class Test
- Class Test
- Final Examination

Unit Participation and Business Practice

You will have seen in the notes on the Assignment above, that when you need to submit assignments, make applications and requests and generally interact with staff, we will ask you to do this in a certain way. For example, when we seek information from you, or when you make requests or seek advice on specific issues, we will ask you to use specific email headings as a pre-requisite of your request. Similarly, Assignments will be submitted by email, and when you submit you will be required to use a specific email heading, and a specific structure for the filename of your Assignment. This allows us to easily search for the Assignment – but it is also good practice for the standards of efficiency and behaviour that will be expected of you in your future employment. Some leeway will be given in the Unit for human error (though you may find that very little leeway is given for such errors in the corporate world). However a failure to do the right thing wastes the time of staff and diverts them from helping your fellow students, and even more, bodes ill for your ability to work in the public or private sectors where minimum standards of care and behaviour are taken for granted. Serious or repeated failures to do the right thing will inevitably risk the loss of marks, depending on the seriousness of the infraction and the number of reoccurrences.