ECON110

Macroeconomic Principles

S1 Evening 2018

Dept of Economics

Contents

General Information	2
Learning Outcomes	3
General Assessment Information	3
Assessment Tasks	3
Delivery and Resources	7
Unit Schedule	9
Learning and Teaching Activities	10
Policies and Procedures	11
Graduate Capabilities	12
Changes since First Published	14

Disclaimer

Macquarie University has taken all reasonable measures to ensure the information in this publication is accurate and up-to-date. However, the information may change or become out-dated as a result of change in University policies, procedures or rules. The University reserves the right to make changes to any information in this publication without notice. Users of this publication are advised to check the website version of this publication [or the relevant faculty or department] before acting on any information in this publication.

General Information

Unit convenor and teaching staff
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tba

Unit administrator, Tutor-in-charge and Teaching Assistant
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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:

Knowledge: You will learn to source and interpret macroeconomic data, understand the key concepts in macroeconomics, and apply simple models to understand the behaviour of key macroeconomic variables.

Critical thinking and problem-solving: You will learn how to identify and interpret topical macroeconomic issues, and how to use macroeconomic models to understand how policy should respond to the issues.

Written and oral communication: You will learn to write and discuss macroeconomic analysis in a logical and professional way.

Teamwork: You will learn how to cooperate with your peers in groups, and to present the results of your collaboration.

Environmental and sustainable objectives: You will recognise the implications of macroeconomic systems for the environment and long term sustainability

General Assessment Information

NOTE: You do not have to pass each assessment component. Your aggregate assessment for the unit is a weighted average of your scores in the components.

Assessment Tasks

Name	Weighting	Hurdle	Due
Final examination	50%	No	Final Examination Period
Online Quizzes	15%	No	Weeks 3-4, 6-7, 9-10, 12-13
Narrative Interview Assignment	15%	No	Week 8
Tutorials - part 1 & 2	20%	No	At each tutorial

Final examination

Due: **Final Examination Period**
Weighting: **50%**

The final examination is an individual assessment task and it consists of 2 hours writing and 10 minutes reading time. It will cover all the topics taught in the unit. It will be closed book, with no cheat sheets, and will comprise a section of multiple choice questions and a section where students will be asked to provide written answers to short-answer questions.

There will be no formula sheet provided as part of the final examination paper.

Students are only allowed to use non-programmable calculators. Calculators with text retrieval abilities and/or those with a full alphabet on the keyboard are NOT permitted.

Students are expected to make themselves available to take the final exam in the designated period in June. *If unable to do so, and you apply for Special Consideration and get approval, you can sit a Supplementary examination.*

On successful completion you will be able to:

- Knowledge: You will learn to source and interpret macroeconomic data, understand the key concepts in macroeconomics, and apply simple models to understand the behaviour of key macroeconomic variables.
- Critical thinking and problem-solving: You will learn how to identify and interpret topical macroeconomic issues, and how to use macroeconomic models to understand how policy should respond to the issues.
- Written and oral communication: You will learn to write and discuss macroeconomic analysis in a logical and professional way.

Online Quizzes

Due: **Weeks 3-4, 6-7, 9-10, 12-13**
Weighting: **15%**

All students will have to complete a set of online quizzes periodically during the session. In **weeks 3, 6, 9 and 12**, you must complete a quiz available online on iLearn. The quizzes will become available on **Fridays at 6pm**, and will have to completed and submitted by the **next Thursday at 11: 59pm**- apart from these open and closing times, the quizzes are untimed. There is no option for completing this assessment after the submission closing time. *No extensions will be granted. Students who have not submitted the task prior to the deadline will be awarded a mark of 0 for the task, except for cases in which an application for Special Consideration is made and approved.* The quizzes will be automatically marked.

The questions will be multiple choice, and each student will have to answer a random selection of questions from a large test bank. Each of the quizzes will have equal weight in the assessment.

On successful completion you will be able to:

- Knowledge: You will learn to source and interpret macroeconomic data, understand the key concepts in macroeconomics, and apply simple models to understand the behaviour of key macroeconomic variables.

Narrative Interview Assignment

Due: **Week 8**

Weighting: **15%**

You need to interview someone who has experienced one of the following eras or situations. Perhaps this person can be part of your family, a friend or even someone you know through work. You will then write a 600-800 word summary of the interview, possibly including some information about the person you interviewed such as their relationship to you. You do not need to provide their name. You should also provide a reflection on your experience of the situation, including links that you make between the interview and the topics covered thus far in the unit. This part should be approximately 200-250 words. Try to make your write-up relevant to what you have been learning in the unit.

Possible Topics:

• Global Financial Crisis (not in Australia)

• 2007-08 World Food Price Crisis

• 1997 Asian Financial Crisis

• Black Tuesday (October 1987)

• Early 1990s recession

• Energy crises- 2000s, 1973, 1979

• Heisei Recession

• Great Leap Forward (1958-1961)

• Great Depression (1929-1935)

• Homelessness

• Long-term unemployment

• Trading in black market goods

• Wars- WWII (1939-1945), Korean War (1950-1953), Vietnam War (1954-1975) (focus on economic implications)

• Refugees (focus on economic implications)

• Natural disaster (focus on economic implications)- e.g. Hurricane Katrina, 2004 Indian

Ocean earthquake and tsunami, 2010-11 Queensland floods

Note: if you would like to choose a topic that is not listed above, please send the Teaching Assistant for ECON110, an email.

A separate document on iLearn entitled **Guidelines for Narrative Interview Assignment** explains what you need to do in more detail.

This assignment will be discussed in tutorials in week 1, and your write-up will have to be submitted **online in iLearn by midnight on the Tuesday of Week 8**. This is a firm deadline, though if you submit your assignment later, you will suffer a penalty of 10% for every 24 hours up to a maximum of 72 hours after the deadline. *Exceptions will be granted for cases in which an*

application for Special Consideration is made and approved.

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- Knowledge: You will learn to source and interpret macroeconomic data, understand the key concepts in macroeconomics, and apply simple models to understand the behaviour of key macroeconomic variables.
- Critical thinking and problem-solving: You will learn how to identify and interpret topical macroeconomic issues, and how to use macroeconomic models to understand how policy should respond to the issues.
- Written and oral communication: You will learn to write and discuss macroeconomic analysis in a logical and professional way.
- Environmental and sustainable objectives: You will recognise the implications of macroeconomic systems for the environment and long term sustainability

Tutorials - part 1 & 2

Due: **At each tutorial**
Weighting: **20%**

There are 2 parts to this assessment

PART 1 - MOCK RBA MEETING ASSIGNMENT (worth 15%)

PART 2 - TUTORIAL ATTENDANCE AND ENGAGEMENT (worth 5%)

PART 1 - MOCK RBA MEETING ASSIGNMENT (worth 15 out of the 20 marks)

This is a group assignment, done with the group members you will be working with in tutorials throughout the semester. Your tutor will put you in a group at the second tutorial. Contact your tutor after Week 2 if you are not in a tutorial group.

This group assignment will be discussed in tutorials in week **1. At your tutorial in week 12**, we will hold a mock RBA meeting. Each of you will work in a group and decide what you believe should happen to the cash rate (the interest rate the RBA sets) at the next RBA meeting. Your group should decide on a policy recommendation, supporting your recommendations with a brief summary of the data and economic trends that led to your recommendation. At the mock meeting, your group will present the group's video report. More information on this will be made available on iLearn.

Each group member will also need to *separately* prepare and submit a written report. Though it is a result of your group's collaboration, you must write up your report on your own, without reference to any one else's report. Your report must be no more than three pages in length (excluding graphs).

By 11:59pm of the Tuesday of week 12, your group must submit your video presentation

through Turnitin on iLearn. You also must submit your *own* written report through Turnitin on iLearn by this time. This is a firm deadline, though if you or your group submit late, you will suffer a penalty of 10% for every 24 hours up to a maximum of 72 hours after the deadline. *Exceptions will be granted for cases in which an application for Special Consideration is made and approved. The group is responsible for arranging for a member to submit on time.* This assessment will attract both a group and an individual mark. The group mark (out of 5 marks) will be based on your ability to work as

. More information will be available on iLearn.

a group, critically devise a policy suggestion and present it in the video. Your individual mark (out of 10 marks) will be based on your individual written report. A separate document on iLearn entitled **Guidelines for Mock RBA Meeting** explains what you need to do in more detail.

PART 2 - TUTORIAL ENGAGEMENT (worth 5 out of the 20 marks)

Tutorial engagement is compulsory in this unit.

This is an individual assessment. A question sheet for each tutorial will be uploaded on iLearn on the Friday of the week before. At the start of the tutorial, you will work on the answers to the questions in the group to which you will be allocated in week 2. This will be followed by a class discussion led by your tutor. You will be expected to individually contribute to the discussions throughout the semester. Solutions to the tutorials will be posted at 5pm on the Friday of the week of the tutorial.

If you do not engage at a tutorial in a week, you will be awarded a mark of 0 for that week, except for cases in which an application for Special Consideration is made and approved.

On successful completion you will be able to:

- Knowledge: You will learn to source and interpret macroeconomic data, understand the key concepts in macroeconomics, and apply simple models to understand the behaviour of key macroeconomic variables.
- Critical thinking and problem-solving: You will learn how to identify and interpret topical macroeconomic issues, and how to use macroeconomic models to understand how policy should respond to the issues.
- Written and oral communication: You will learn to write and discuss macroeconomic analysis in a logical and professional way.
- Teamwork: You will learn how to cooperate with your peers in groups, and to present the results of your collaboration.

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

LECTURES (2 streams only) - see http://www.timetables.mq.edu.au for any changes to the information below.

TUESDAYS 2-4pm	Macquarie Theatre	Professor Jeffrey Sheen
FRIDAYS 6-8pm	Macquarie Theatre	Dr Marjan Nazifi

Lecture slides will be available on the unit web page at http://ilearn.mq.edu.au, and (barring technical hitches, which often occur) videos of the Tuesday lectures will be available on Echo. During the semester, unforeseen circumstances may require the cancellation of a lecture and/or tutorial. Any changes will be announced as far as possible in advance both in lectures and on the unit website. Students are strongly advised that their learning is significantly enhanced by their regular attendance. It is assumed that students will attend all lectures and tutorials. Students who miss lectures put themselves at a significant disadvantage for several reasons, including: (i) Not all the material in the text is covered in the unit, and not all the material in the unit is covered in the text. In some places the text deals with issues in greater depth than is necessary for the unit, and in other places it doesn't go far enough. The lectures contain key unit material taught at the level required for the assessment tasks, and are your guide to the unit content. The tutorials will demonstrate the way questions in macroeconomics are approached. (ii) The lectures and tutorials will include significant guidance about the style and content of the final exam and recommendations about study technique. (iii) It is difficult (and often impossible) for staff to provide meaningful assistance to students outside class times on topics for which they did not attend the relevant lectures and tutorials.

Textbook

The textbook for this course is:

Bernanke B.S., Olekalns, N. and H. R. Frank (2014), *Principles of Macroeconomics*, (4th edition) McGraw-Hill International Book Co., Sydney.

It is feasible to use earlier editions of the textbook (second and third) for most of the topics covered in the course. However there are some changes in the 4th edition from earlier editions, related to Chapters 9 and 10 of the current edition. While the new material will be covered in lectures and tutorials, it may be helpful to have access to the 4th edition for this material.

Supplementary Support Material

The publishers provide a range of support material for the textbook, including an e-Book and Smartbook/Connect.

While this electronic support material may provide very useful additional assistance to your study of the subject matter, *the support material is not required reading*. Students must make their own judgement as to whether accessing and using the support material is worthwhile. The

examinable content of the textbook is defined by the Lecture Schedule and the Tutorial Program.

We strongly recommend that you have your own access to the textbook and the supplementary material.

Buying the Textbook and Supplementary Materials

You should be able to buy a hardcopy of the textbook at a bookshop, and this will typically cost new between $110-$130 (this is an indicative price). With this purchase, you should get access to the e-Book and Smartbook/Connect.

Alternatively, you should be able to buy the e-Book with Smartbook/Connect for $70 (this is an indicative price).

Additional Readings

For some topics students will be required to read material in addition to the textbook. All additional readings will be posted on iLearn.

Unit Schedule

Week	Topic	Textbook Chapters
Week 1 beginning 26 February 2018	Measures of macroeconomic performance: output and prices	Chapter 1
Week 2 beginning 5 March 2018	Saving, wealth and the real interest rate	Chapter 2
Week 3 beginning 12 March 2018	Unemployment and the labour market	Chapter 3
Week 4 beginning 19 March 2018	Business cycles - a model of output determination - the AE Model	Chapters 4 & 5
Week 5 beginning 26 March 2018	Short run equilibrium in the AE model	Chapter 5
Week 6 beginning 2 April 2018	Fiscal policy	Chapter 6
Week 7 beginning 9 April 2018	Financial system, money, prices & the RBA	Chapter 7
Week 8 beginning 30 April 2018	Monetary policy and the RBA	Chapter 8
Week 9 beginning 7 May 2018	A model of output & inflation - the AD-AS model	Chapter 9
Week 10 beginning 14 May 2018	Macroeconomic policy; open economy: exchange rates	Chapters 10 & 15
Week 11 beginning 21 May 2018	Open economy: capital flows	Chapter 16
Week 12 beginning 28 May 2018	The long run - economic growth	Chapters 11 & 12

Week 13 beginning 4 June 2018	Review lecture - what have we learnt	

Learning and Teaching Activities

English Language Development Resources:

For improving your English language skills, go to: http://www.students.mq.edu.au/support/learning_skills/additional_resources/english_language_development_resources/

Student Enquiry Service

You can visit Student Connect on level 2, Building C7A (MUSE) on Monday-Friday from 8.30am-5.30pm.

BESS

BESS is a drop-in centre that offers program advising and information and advice on administrative processes. At BESS you can: * Collect your assessments and tests * Submit an assessment * Talk to a Student Adviser * Talk to a Student Administration Adviser They are located at E4B 106 and are open from Monday to Friday 9am-5pm (9am - 7pm during weeks 1 and 2 of session) or can be contacted on 9850 1050. http://www.businessandeconomics.mq.edu.au/current_students/undergraduate/bess

PAL

PAL Peer-Assisted Learning or 'PAL' are unit specific workshops led by trained PAL Leaders who are students who have excelled in those particular units. FREE Weekly one-hour workshops are open to all enrolled students. http://www.businessandeconomics.mq.edu.au/current_students/undergraduate/bess/peer_assisted_learning

FBE First Step

First STEP (Striving Towards Excellence Program) connects first year students with Academic and peer mentors within the Faculty of Business and Economics, so you can get some advice from those who have done it all before. http://www.businessandeconomics.mq.edu.au/current_students/undergraduate/mentoring/fbe_first_step_mentoring_program

Numeracy Centre

The Numeracy Centre offers a number of services including a free drop-in service, weekly workshops for some first year courses, bridging programs and preparatory courses at the beginning of each semester and some on-line resources. http://www.mq.edu.au/about/about-the-university/faculties-and-departments/faculty-of-science-and-engineering/departments-and-centres/department-of-mathematics/numeracy-centre

Academic Advice?

Academic advisers are members of the academic staff who are able to advise students on their academic program. If you are an FBE student, you can get program advice from a Student

Adviser at the BESS Office. http://www.businessandeconomics.mq.edu.au/current_students/undergraduate/contact/academic_advisors

Student Groups

* Economics Commerce Finance Society * 180 Degrees Consulting * Enactus * University Network for Investing and Trading * Women Entering Business

Policies and Procedures

Macquarie University policies and procedures are accessible from Policy Central (https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central). Students should be aware of the following policies in particular with regard to Learning and Teaching:

- Academic Appeals Policy
- Academic Integrity Policy
- Academic Progression Policy
- Assessment Policy
- Fitness to Practice Procedure
- Grade Appeal Policy
- Complaint Management Procedure for Students and Members of the Public
- Special Consideration Policy *(**Note:** The Special Consideration Policy is effective from 4 December 2017 and replaces the Disruption to Studies Policy.)*

Undergraduate students seeking more policy resources can visit the Student Policy Gateway (https://students.mq.edu.au/support/study/student-policy-gateway). It is your one-stop-shop for the key policies you need to know about throughout your undergraduate student journey.

If you would like to see all the policies relevant to Learning and Teaching visit Policy Central (https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/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/study/getting-started/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://stu

dents.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://www.mq.edu.au/about_us/offices_and_units/information_technology/help/.

When using the University's IT, you must adhere to the Acceptable Use of IT Resources 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

- Knowledge: You will learn to source and interpret macroeconomic data, understand the key concepts in macroeconomics, and apply simple models to understand the behaviour of key macroeconomic variables.
- Written and oral communication: You will learn to write and discuss macroeconomic

analysis in a logical and professional way.

Assessment tasks

- Final examination
- Online Quizzes
- Tutorials - part 1 & 2

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

- Critical thinking and problem-solving: You will learn how to identify and interpret topical macroeconomic issues, and how to use macroeconomic models to understand how policy should respond to the issues.
- Written and oral communication: You will learn to write and discuss macroeconomic analysis in a logical and professional way.

Assessment tasks

- Final examination
- Online Quizzes
- Narrative Interview Assignment
- Tutorials - part 1 & 2

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:

Learning outcomes

- Written and oral communication: You will learn to write and discuss macroeconomic analysis in a logical and professional way.
- Teamwork: You will learn how to cooperate with your peers in groups, and to present the

results of your collaboration.

Assessment tasks

- Final examination
- Narrative Interview Assignment
- Tutorials - part 1 & 2

Engaged and Ethical Local and Global citizens

As local citizens our graduates will be aware of indigenous perspectives and of the nation's historical context. They will be engaged with the challenges of contemporary society and with knowledge and ideas. We want our graduates to have respect for diversity, to be open-minded, sensitive to others and inclusive, and to be open to other cultures and perspectives: they should have a level of cultural literacy. Our graduates should be aware of disadvantage and social justice, and be willing to participate to help create a wiser and better society.

This graduate capability is supported by:

Learning outcome

- Environmental and sustainable objectives: You will recognise the implications of macroeconomic systems for the environment and long term sustainability

Assessment task

- Narrative Interview Assignment

Changes since First Published

Date	Description
21/02/2018	Changed the Mock RBA assessment, so that groups get a group mark out of of 5% for their video presentation, and each student writes their own report for an individual mark out of 10%.
22/01/2018	David Xu's email is updated
14/12/2017	Final exam - special consideration added