

**AUT**

# **Macroeconomics**

**ECON602**

Semester Two 2017

**PAPER STUDY GUIDE**

## Contents

|   |   |
|---|---|
| Welcome to ECON602 .....  | 3 |
| Paper information .....   | 3 |
| Pre-requisite/Co-requisite/Restriction requirements .....           | 3 |
| Paper aim .....   | 3 |
| Learning outcomes.....  | 3 |
| Content .....   | 3 |
| Blackboard programme organisation .....                             | 4 |
| Required texts and recommended reading .....                        | 4 |
| Weekly programme .....  | 5 |
| Assessment information .....  | 6 |
| Extensions and other Special Consideration Applications (SCAs)..... | 6 |
| Assessment structure.....   | 6 |
| Reconsideration .....   | 6 |
| Exam schedule .....   | 7 |
| Pass requirements .....   | 7 |
| Assessment event details.....                                       | 7 |

**Disclaimer:** Although every effort is made to ensure accuracy, the information in this document is subject to alteration. The information in this document was accurate at the time of publication, February, 2017.

## Welcome to ECON602

You are expected to read the contents of this study guide, also available on Blackboard (AUTonline) under "All My Courses".

This paper runs for 12 weeks, and has 2 sessions per week. Students will be required to supplement each hour of class with 4 hours of their own work: This is a level 6 paper, worth 15 points.

Rooms can change at the last minute and are not listed in the paper study guide. Refer to [arion.aut.ac.nz](http://arion.aut.ac.nz) for your current timetable AND to your paper's page on Blackboard for any room changes/updates.

Teaching team and contact details:

| Paper Coordinator                                     | Phone                   | Email  | Office hours            |
|---|-------------------------|--|-------------------------|
| Lecturer<br>Dr. Sylvia Xiaolin XIAO<br>Office: WY 307 | 921-9999<br>(ext: 5087) | <a href="mailto:sylvia.xiao@aut.ac.nz">sylvia.xiao@aut.ac.nz</a> | Wednesday 1:15pm-3:15pm |

For office hours: Please make contact by e-mail at least a day prior to the office hour to confirm attendance.

## Paper information

Pre-requisite/Co-requisite/Restriction requirements

ECON501, ECON502 and either BUSS502 or MATH500 or MATH501

### Paper aim

The aim of this paper is to provide a comprehensive survey of intermediate-level macroeconomic concepts, theories and applications. This paper analyses the economy as a whole focusing on the determinants of economic growth, employment, inflation, interest rates and the balance of payments. It considers explanations of short-run fluctuations in employment and output, the influence of public policies and the goals of macroeconomic policy with extensive use of real-world applications.

### Learning outcomes

By the end of this paper students will be able to:

- Identify and apply macroeconomic concepts, models and their applications.
- Summarise and analyse the inter-relationships among key macroeconomic variables.
- Use macroeconomic theory as a problem solving tool and evaluate alternative policy options.
- Describe, discuss and evaluate the results of their economic analysis.

### Content

- The goals of macroeconomic policy.
- The measurement and structure of the national economy.
- Productivity, output and employment.
- Consumption, saving and investment.
- Assets, money and prices.
- Business cycles and long-run economic growth.
- Market clearing vs. wage and price rigidity.
- Unemployment and inflation.
- Government expenditure and finance.
- Macroeconomic policy in the open economy.

## Blackboard programme organisation

Details of all papers, major requirements, full paper descriptors, exam schedules (mid semester and final), assessment forms, semester timetables and all other information relevant to current students can be found on Blackboard (<https://blackboard.aut.ac.nz>) under:

“My Organisations” Business Undergraduate Programme Information

## Required texts and recommended reading

### Prescribed Texts

Blanchard (2017) *Macroeconomics, Global Edition* (7<sup>th</sup> ed), Essex, Pearson.

### Other Recommended Texts:

Gordon, R.J. (2009) *Macroeconomics*, 11<sup>th</sup> Edition, Prentice Hall

Jones, C. I. (2002) *Introduction to Economic Growth*, 2nd edition, W.W. Norton & Co.

Krugman, P. and Wells, R. (2009) *Macroeconomics*, 2<sup>nd</sup> Edition, Worth Publishers.

Mankiw, G. N. (2010) *Macroeconomics*, 7th edition, Worth Publishers.

### Useful Periodicals

Journal articles will be used where appropriate

- Top 5 Econ Journals: AER, JPE, EEMC, QJE, ReStudies
- Journal of Monetary Economics
- International Economic Review
- Applied Economics
- Economic Journal
- Economics Letters
- Journal of Macroeconomics
- Macroeconomic Dynamics

## Further Readings

Various journal articles will be highlighted throughout lectures which you are encouraged to refer to in order to supplement your learning and understanding. Key readings together with reference lists relevant to specific topics will be distributed in class. Students should also keep abreast of current macroeconomic policy debates and changes. The following websites (by no means an exhaustive list) may be useful for this purpose:

[www.treasury.govt.nz/nzeconomy](http://www.treasury.govt.nz/nzeconomy)

[www.rbnz.govt.nz](http://www.rbnz.govt.nz)

<http://www.nzherald.co.nz>

<http://repec.org/>

[www.nber.org](http://www.nber.org)

<http://www.ecb.int/home/html/index.en.html>

[www.worldbank.org](http://www.worldbank.org)

[www.imf.org](http://www.imf.org)

## Weekly programme

| Week | Topic  | Reading  |
|------|--|--|
| 1    | The goods market   | Blanchard (2017) Chapter 3                           |
| 2    | Financial market   | Blanchard (2017) Chapter 4                           |
| 3    | Goods and financial markets: the IS-LM                     | Blanchard (2017) Chapter 5                           |
| 4    | The extended IS-LM model                                   | Blanchard (2017) Chapter 6                           |
| 5    | Labour market (I)  | Blanchard (2017) Chapters 7 & 8                      |
| 6    | Labor Market (II), or IS-LM-PC Model (if having time)      | Blanchard (2017) Chapters 7, 8 (& 9, if having time) |
| 7    | In-class test  |  |
| 8    | Facts about growth/saving, capital accumulation and output | Blanchard (2017) Chapters 10 & 11                    |
| 9    | Technological progress and growth                          | Blanchard (2017) Chapters 12 & 13                    |
| 10   | The Good market in an open economy                         | Blanchard (2017) Chapter 18                          |
| 11   | Exchange rate regimes                                      | Blanchard (2017) Chapter 20                          |

## Assessment information

All students should obtain a copy of the Business Programmes Assessment & Study Handbook which includes information on:

- Academic Integrity
- Attendance
- Assignments (Format, Presentation, Referencing, Submission)
- Exams (Regulations, Schedule)
- Assessment (Return of Assessments - Handback, Uncollected Assessments, Reconsideration)
- Results

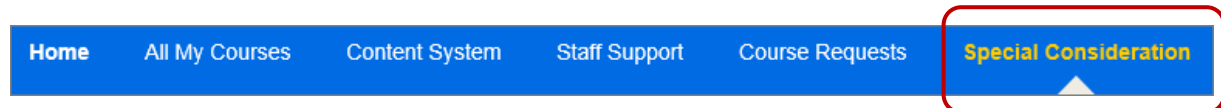
This handbook is available online from “My Organisations” on Blackboard (<https://blackboard.aut.ac.nz>)

**Please note:** Assessments may be copied and kept for moderation and programme administration purposes. Presentations may also be videoed.

### Extensions and other Special Consideration Applications (SCAs)

Students may apply for an extension or for special consideration where there are exceptional circumstances.

The SCA online request form is available from Blackboard. You can access this via the ‘Special Consideration’ tab at the top of the Blackboard home page once you have logged in. Follow the instructions provided.



### Assessment structure

| Item          | % of mark allocation | Maximum mark | Group/individual | Due date                            |
|---------------|----------------------|--------------|------------------|-------------------------------------|
| In-class test | 20                   | 50           | Individual       | Week 7, Thursday<br>14/09/17        |
| Assignment    | 20                   | 100          | Individual       | Week 11, Thursday<br>12/10/17       |
| Final exam    | 60                   | 60           | Individual       | TBA – see Blackboard<br>(AUTonline) |

### Reconsideration

You are entitled to make a formal request for reconsideration of marks in cases where you believe your assessment work has not been marked in accordance with published marking criteria. This request can only be made when assessed work is returned, or during handback. There is a strict process to follow – refer to the Assessment and Study Handbook for details. Note that, where assessments have been submitted electronically, you normally only have 24 hours from the time the graded assessment is made available on Blackboard to apply for reconsideration.

### Exam schedule

All exam schedules are available on Blackboard, under “My Organisations”, via the Exams & Handback tab. Visit the student computer kiosks on WF1 and WF7 to view the schedules, or go to Blackboard (<https://blackboard.aut.ac.nz>).

### Pass requirements

Students are expected to attempt every assessment event. In order to gain a pass in this paper you must obtain at least 50% overall in the paper.

### Assessment event details

#### Assessment 1: In-class test

|                                 |   |
|---------------------------------|---|
| <b>Due date</b>                 | Week 7, Thursday, 14/09/17.<br>Time & Venue: TBA  |
| <b>Weighting</b>                | 20%   |
| <b>Type</b>                     | Test  |
| <b>Length</b>                   | 1.5 hours   |
| <b>Submission</b>               | -   |
| <b>Requirements</b>             | Students should revise for this test the coverage up to week 6. More details will be given in the class.  |
| <b>Programme learning goals</b> | <ul style="list-style-type: none"><li>• Be self-directed, reflective learners</li><li>• Be knowledgeable in their major field(s) of study</li><li>• Be effective communicators</li><li>• Be critical enquirers and problem solvers</li></ul>  |
| <b>Paper learning outcomes</b>  | <ul style="list-style-type: none"><li>• Identify and apply macroeconomic concepts, models and their applications</li><li>• Summarise and analyse the inter-relationships among key macroeconomic variables</li><li>• Use macroeconomic theory as a problem solving tool and evaluate alternative policy options</li></ul> |

#### Assessment 2: Assignment

|                                 |  |
|---------------------------------|--|
| <b>Due date</b>                 | Week 11, Thursday<br>12:00noon, 12/10/17   |
| <b>Weighting</b>                | 20%  |
| <b>Type</b>                     | Assignment   |
| <b>Length</b>                   | Maximum 3000 words   |
| <b>Submission</b>               | Bar-coded  |
| <b>Requirements</b>             | Requirements will be discussed in the class.   |
| <b>Programme learning goals</b> | <ul style="list-style-type: none"><li>• Be self-directed, reflective learners</li><li>• Be knowledgeable in their major field(s) of study</li><li>• Be effective communicators</li><li>• Be critical enquirers and problem solvers</li><li>• Be able to make business decisions that take into account social, ethical, environmental and global dimensions</li><li>• Be connected to business</li><li>• Be able to work effectively with others</li></ul> |
| <b>Paper learning outcomes</b>  | <ul style="list-style-type: none"><li>• Identify and apply macroeconomic concepts, models and their applications.</li></ul>  |

|  |   |
|--|---|
|  | <ul style="list-style-type: none"> <li>• Summarise and analyse the inter-relationships among key macroeconomic variables.</li> <li>• Use macroeconomic theory as a problem solving tool and evaluate alternative policy options.</li> <li>• Describe, discuss and evaluate the results of their economic analysis.</li> </ul> |
|--|---|

### Assessment 3: Final exam

|                                 |  |
|---------------------------------|--|
| <b>Exam date</b>                | All exam schedules are available on Blackboard ( <a href="http://blackboard.aut.ac.nz">http://blackboard.aut.ac.nz</a> ) under "My Organisations", via the Exams & Handback tab.   |
| <b>Weighting</b>                | 60%  |
| <b>Type</b>                     | Final exam   |
| <b>Length</b>                   | 3 hours, plus 10 minutes reading time  |
| <b>Programme learning goals</b> | <ul style="list-style-type: none"> <li>• Be self-directed, reflective learners</li> <li>• Be knowledgeable in their major field(s) of study</li> <li>• Be effective communicators</li> <li>• Be critical enquirers and problem solvers</li> </ul>  |
| <b>Paper learning outcomes</b>  | <ul style="list-style-type: none"> <li>• Identify and apply macroeconomic concepts, models and their applications.</li> <li>• Summarise and analyse the inter-relationships among key macroeconomic variables.</li> <li>• Use macroeconomic theory as a problem solving tool and evaluate alternative policy options.</li> <li>• Describe, discuss and evaluate the results of their economic analysis.</li> </ul> |