

ECON2104 Applied Macroeconomics

Course Outline Semester 1, 2017

Part A: Course-Specific Information

Students are also expected to have read and be familiar with **Part B Supplement to All Course Outlines**. This contains Policies on Student Responsibilities and Support, Including Special Consideration, Academic Misconduct and Plagiarism, and Key Dates. It also contains the Business School PROGRAM LEARNING GOALS.

Table of Contents

<u>1</u>	<u>STAFF CONTACT DETAILS</u>	<u>1</u>
1.1	Communications with staff	1
<u>2</u>	<u>COURSE DETAILS</u>	<u>2</u>
2.1	Teaching Times and Locations	2
2.2	Units of Credit	2
2.3	Summary of Course	2
2.4	Aims and Relationship to Other Courses	2
2.5	Student Learning Outcomes	3
<u>3</u>	<u>LEARNING AND TEACHING ACTIVITIES</u>	<u>4</u>
3.1	Approach to Learning and Teaching in the Course	4
3.2	Learning Activities and Teaching Strategies	4
<u>4</u>	<u>ASSESSMENT</u>	<u>4</u>
4.1	Formal Requirements	4
4.2	Assessment Details	5
4.3	Lecture and tutorial attendance	5
4.4	Individual Assignments	5
4.4.1	Tutorial Discussion	6
4.5	Midterm Exam	6
4.6	Final Exam	6
4.7	Special Consideration	7
4.8	Quality Assurance	7
<u>5</u>	<u>COURSE EVALUATION AND DEVELOPMENT</u>	<u>7</u>
<u>6</u>	<u>COURSE RESOURCES</u>	<u>7</u>
<u>7</u>	<u>COURSE SCHEDULE</u>	<u>8</u>
7.1	Lecture and Tutorial Schedule	8

1 STAFF CONTACT DETAILS

Lecturer-in-charge: Dr Pei-Cheng Yu
Room: Business School 469
Phone No: 9385 3704
Email: pei-cheng.yu@unsw.edu.au
Consultation Times: TBC

1.1 Communications with staff

You should feel free to contact your lecturer about any academic matter. However, we strongly encourage, for efficiency, all enquiries about the subject material be made at lectures or tutorials or during consultation times.

Email policy

Within a few days, we will reply to emails with the following provisions:

- The question should require at most a two-sentence response. If it takes more, office hours are the more appropriate venue.
- The email should not request information that can be found on the website or this outline.
- The email is not about grading. For such matters, office hours are appropriate.
- It is also (strongly) preferable that you use an UNSW email address: the spam filter is set to maximum. Moreover, university policy stipulates a preference for these email addresses.
- Always identify yourself and the course code in the subject of your email.
- Please do not send attachments of any kind unless requested.

Do not submit term work by email unless requested by the lecturers.

If you have a question regarding tutorials, please, contact your tutor.

2 COURSE DETAILS

2.1 Teaching Times and Locations

Lectures start in Week 1(to Week 13): Note there is no lecture in week 8 (Week of the Anzac Day holiday).

The Time and Location are:

Tuesdays 13:00-15:00 in Macauley Theatre (Quad 1027) Note there is no tutorial in week 8 (Week of the Anzac Day holiday).

Tutorials start in Week 2 (to Week 13). The Groups and Times can be found here:

<http://www.timetable.unsw.edu.au/2017/ECON2104.html>

2.2 Units of Credit

The course is worth 6 units of credit.

There is no parallel teaching in this course.

2.3 Summary of Course

This course will examine the role of government in the economy. It will first require a familiarization of the modern theoretical macroeconomic framework, namely the dynamic general equilibrium model. The theoretical framework will allow us to derive important classical results in public finance. After learning the basic framework and results in public finance, the course will apply these tools to current problems in economics of public sector, which include current debates in fiscal and monetary policy, the recent financial crises, and sovereign debt.

2.4 Aims and Relationship to Other Courses

This course is offered as part of the economics stream in the Bachelors of Commerce and Economics degrees, and also in the Bachelors of Arts and Social Sciences. Its aim is to enhance and build on the basic theories students learnt in ECON1102 Macroeconomics 1. Students will use those theories to explain events and developments in the economy and markets. The idea is that in their future work, students will be able to relate what is happening in the “macroeconomic” world to the business they are in, and its implications for that business. The course will touch on areas covered in more detail in other courses, which students may wish to take as part of their future studies.

Students should note that the answers from the ECON1102 textbooks on particular questions may not be regarded as sufficient for questions posed in the Applied Macro course. Similarly, students who have completed ECON2102 will find some common elements and this is to their advantage. However, the approach taken in this course differs and answers from the ECON2102 textbooks on particular questions may not be regarded as sufficient for questions posed in the Applied Macro course.

2.5 Student Learning Outcomes

The Course Learning Outcomes are what you should be able to DO by the end of this course if you participate fully in learning activities and successfully complete the assessment items. The Learning Outcomes in this course also help you to achieve some of the overall Program Learning Goals and Outcomes for all undergraduate coursework students in the Business School. Program Learning Goals are what we want you to BE or HAVE by the time you successfully completed your degree. You demonstrate this by achieving specific Program Learning Outcomes - what you are able to DO by the end of your degree.

For more information on the Undergraduate Program Learning Goals and Outcomes, see Part B of the course outline.

The following table shows how your Course Learning Outcomes relate to the overall Program Learning Goals and Outcomes, and indicates where these are assessed:

Program Learning Goals and Outcomes		Course Learning Outcomes	Course Assessment Item
<i>This course helps you to achieve the following learning goals</i>		<i>On successful completion of the course, you should be able to:</i>	<i>This learning outcome will be assessed in the following items:</i>
1	Knowledge	Explain the assumptions and workings of macroeconomic models Describe and interpret the major macroeconomic data.	<ul style="list-style-type: none"> • Individual assignment • Mid-term exam • Final exam
2	Critical thinking and problem solving	Apply macroeconomic models and theory to interpret and critically analyse policy problems and initiatives.	<ul style="list-style-type: none"> • Individual assignment • Mid-term exam • Final exam
3a	Written communication	Produce written work, which is clear, logically structured and professionally presented.	<ul style="list-style-type: none"> • Individual assignment • Mid-term exam • Final exam
3b	Oral communication	Communicate ideas in a succinct, clear and professional manner.	<ul style="list-style-type: none"> • not specifically assessed in this course.
4	Teamwork	Work collaboratively to complete a task. This pertains particularly to the problem sets which I encourage you to work on together.	Implicitly assessed through your performance in class participation and problem sets
5a.	Ethical, environmental and sustainability considerations	Addressed in class but not specifically assessed in this course.	
5b.	Social and cultural awareness	Addressed in class but not specifically assessed in this course.	

3 LEARNING AND TEACHING ACTIVITIES

3.1 Approach to Learning and Teaching in the Course

The philosophy underpinning this course and its Teaching and Learning Strategies are based on “Guidelines on Learning that Inform Teaching at UNSW. These guidelines may be viewed at: www.guidelinesonlearning.unsw.edu.au. Specifically, the lectures, tutorials and assessment have been designed to appropriately challenge students and support the achievement of the desired learning outcomes. A climate of inquiry and dialogue is encouraged between students and teachers and among students (in and out of class). The lecturers and tutors aim to provide meaningful and timely feedback to students to improve learning outcomes.

3.2 Learning Activities and Teaching Strategies

The examinable content of the course is defined by the references given in the Lecture Schedule, the content of Lectures, and the content of the Tutorial Program.

Lectures

The purpose of Lectures is to provide a logical structure for the topics that make up the course; to emphasize the important concepts and methods of each topic, and to provide relevant examples to which the concepts and methods are applied. Students are strongly encouraged to ask questions in the lecture. Time is set aside for this.

Tutorials

Tutorials are an integral part of the subject. As outlined in the assessment outline, students are expected to prepare discussion questions before the tutorials. The tutor is only there to guide discussion, not to summarise the lecture or give model answers. Students will be given the opportunity to review and discuss the material covered during the lecture.

Out-of-Class Study

While students may have preferred individual learning strategies, it is important to note that most learning will be achieved outside of class time. Lectures can only provide a structure to assist your study, and tutorial time is limited.

4 ASSESSMENT

4.1 Formal Requirements

In order to pass this course, you must:

- achieve a composite mark of at least 50 out of 100; and
- make a satisfactory attempt at ALL assessment tasks. This includes satisfactory attendance at lectures and tutorials (refer assessment details).

AND

- Achieve a satisfactory level of performance in the final exam. This means a minimum mark of 46 per cent. Any student having an overall mark of 50 or more but less than 46 per cent in the final examination will be given an UF grade (unsatisfactory fail).

4.2 Assessment Details

Assessment Task	Weighting	Length	Due Date
Bi-weekly Individual Assignments	30%	See section 4.4	See section 4.4.1
Mid-term Exam	30%	100 minutes	Week 7 during lecture time
Final Exam	40%	120 minutes	University Exam Period
Total	100%		

4.3 Lecture and tutorial attendance

The nature of the course makes it highly desirable that students attend the lecture.

Students should note that 80% attendance is required by UNSW and Business School rules. In certain circumstances, such as where a request for special consideration is made in relation to assessment items, lecture and tutorial attendance will be taken into account in determining your final assessment or whether special consideration is granted.

Tutors will mark attendance in tutorials. **Students should note that** 80% attendance is required by UNSW and Business School rules. Attendance at 8 tutorials will be deemed as meeting this requirement. Please note that, in certain circumstances, such as where a request for special consideration is made in relation to assessment items, tutorial attendance will be taken into account in determining your final assessment or whether special consideration is granted.

Students must sign on by 10 minutes from the start of tutorial to qualify as 'in attendance'. (If you then leave the tutorial, the tutor will record you as absent.) Signing on for another student will be treated as misconduct.

If, owing to illness or other exceptional circumstances, you are unable to attend your usual tutorial, you may try to attend another tutorial in the same week. However, you are required to attend your usual tutorial class at least 8 times during the session. This allows for occasional absence due to minor illness and other reasons, **hence special consideration applications will not reduce this requirement.**

Note also that lecturers welcome questions and class participation.

4.4 Individual Assignments

Every two weeks, starting from the third week, students will be assigned a problem set. These problem sets are challenging and more difficult than the materials covered in class. Do not leave things to the last minute! A sample problem set will be handed out during the first class. This sample problem set will not be graded, but it will

illustrate the preliminary knowledge needed for the course. The problem sets can be found on my website Monday evening.

Deadline: **Students must submit a hard copy a week after the problem sets are posted.** For example, the first problem set is due before class in week 4, and the second problem set is due before class in week 6. Please do not use plastic sheets or binders. Simply staple the pages together. The student's name and ID should be on the cover page. Each assignment counts for 5 per cent of the final mark.

Late Submission Policy:

If you fail to submit your assignment by the given deadline your assignment will not be marked. Your team has many weeks to complete the assignment and it is your risk if you decide to leave it to the last few days to complete.

Plagiarism: While discussing the assignments with other individuals is permitted, do not lend your assignment to another student. When an assignment is copied, it is difficult for the instructor to determine who the copier is and you may both be penalized heavily.

Special consideration: Each of these assignments counts for 5% of the final mark. As each assignment contributes less than 20% to the assessment, special consideration does not apply. You have a substantial period to prepare each assignment, and you run a risk if you do not work on it until the last few days.

4.4.1 Tutorial Discussion

The tutorial meeting will offer students an opportunity to review and discuss the material covered during the lecture. During the tutorial meeting, the tutor will go through some of the homework questions and provide helpful hints to solving some others. For this reason, it is important that students come prepared to contribute to the tutorial discussion and possibly present their work in front of their peers.

4.5 Midterm Exam

The midterm exam covers the material covered in Weeks 1 to 6. It will have four parts. Each part will have two questions. The student is required to pick one question in each part to answer. Answering more than the required number of questions will not garner any extra merits and maybe subjected to harsher grading. Questions will be based on the questions from the problem sets. Note that, given changes in the course content, past exam papers for this subject may be (very) misleading.

4.6 Final Exam

The final exam covers the material covered in Weeks 1 to 13. It will have four parts. Each part will have two questions. The student is required to pick one question in each part to answer. Answering more than the required number of questions will not garner any extra merits and maybe subjected to harsher grading. Questions will be based on the questions from the problem sets and the midterm exam. Note that, given changes in the course content, past exam papers for this subject may be (very) misleading.

4.7 Special Consideration

Applications for special consideration for the final exam must be lodged online through myUNSW within 3 working days of the assessment (Log into myUNSW and go to My Student Profile tab > My Student Services channel > Online Services > Special Consideration). Then submit the originals or certified copies of your completed [Professional Authority form \(pdf - download here\)](#) and any [supporting documentation](#) to Student Central. Students who are found to be genuinely too ill to have attended the mid-session exam will have their mark in the remaining assessment tasks re-weighted to include the mark reserved for the missed exam. In all other cases of non-attendance students will receive a grade of zero.

Employment obligations or holiday plans of any kind are not acceptable reasons for absence from any test/examination.

4.8 Quality Assurance

The Business School is actively monitoring student learning and quality of the student experience in all its programs. A random selection of completed assessment tasks may be used for quality assurance, such as to determine the extent to which program learning goals are being achieved. The information is required for accreditation purposes, and aggregated findings will be used to inform changes aimed at improving the quality of Business School programs. All material used for such processes will be treated as confidential and will not be related to course grades.

5 COURSE EVALUATION AND DEVELOPMENT

Each year feedback is sought from students and other stakeholders about the courses offered in the School and continual improvements are made based on this feedback. UNSW's myExperience Survey Tool is one of the ways in which student evaluative feedback is gathered. You are strongly encouraged to take part in the feedback process.

6 COURSE RESOURCES

There is no prescribed textbook for this course.

For each topic the lecturer will provide a list of reading material during class. However, as the course builds on knowledge acquired in ECON1102 Macroeconomics 1, the textbooks for those courses may also be useful references:

- Jackson, J. Bajada, C and R. Mclver 2007, *Macroeconomics*, McGraw-Hill, Sydney
- Bernanke, B. S., Olekalns, N. and R. H. Frank, *Principles of Macroeconomics* McGraw-Hill, Sydney 2008

7 COURSE SCHEDULE

7.1 Lecture and Tutorial Schedule

Lectures start in Week 1 and finish in Week 13. Tutorials start in Week 2 and finish in Week 13. There are no classes in Week 8 due to the Anzac Day public holiday. The schedule might be subject to change.

Weeks 1 to 13

Lecture Schedule

Week 1 28 February	Math Refresher	<i>A review of basic calculus and optimization techniques.</i>
Week 2 7 March	Ramsey Taxation I	<i>An introduction to the Ramsey taxation model</i>
Week 3 14 March	Ramsey Taxation II	<i>An exploration of the Ramsey taxation model: the uniform commodity taxation result</i>
Week 4 21 March	Ramsey Taxation III	<i>Continued exploration of the Ramsey taxation model: intermediate goods taxation result</i>
Week 5 28 March	Fiscal Policy I	<i>Adding capital to the Ramsey model</i>
Week 6 04 April	Fiscal Policy II	<i>The zero capital income taxation result</i>
Week 7 11 April	Mid-term Exam	
Mid-semester break: Friday 14 – Saturday 22 April inclusive		
Week 8 25 April	No Lectures	
Week 9 2 May	Basic Concepts of Money	<i>Real versus nominal and the quantity theory of money</i>
Week 10 9 May	Monetary Policy I	<i>An introduction to the cash-in-advance model</i>
Week 11 16 May	Monetary Policy II	<i>An exploration of the cash-in-advance model: the Friedman rule</i>
Week 12 23 May	Advanced Topic I	<i>A discussion of monetary and fiscal unions</i>
Week 13 30 May	Advanced Topic II	<i>A discussion of modern public finance</i>

Tutorial Schedule

Week 1 28 February	NO TUTORIALS	NO TUTORIALS
Week 2 7 March	Math Refresher	<i>A review of basic calculus and optimization techniques.</i>
Week 3 14 March	Ramsey Taxation I	<i>An introduction to the Ramsey taxation model</i>
Week 4 21 March	Ramsey Taxation II	<i>An exploration of the Ramsey taxation model: the uniform commodity taxation result</i>
Week 5 28 March	Ramsey Taxation III	<i>Continued exploration of the Ramsey taxation model: intermediate goods taxation result</i>
Week 6 04 April	Fiscal Policy I + II	<i>Adding capital to the Ramsey model and the zero capital income taxation result</i>

Week 7 11 April	Mid-term Exams: NO TUTORIALS	NO TUTORIALS
Week 8 25 April	NO TUTORIALS	NO TUTORIALS
Week 9 2 May	Basic Concepts of Money	<i>Real versus nominal and the quantity theory of money</i>
Week 10 9 May	Monetary Policy I	<i>An introduction to the cash-in-advance model</i>
Week 11 16 May	Monetary Policy II	<i>An exploration of the cash-in-advance model: the Friedman rule</i>
Week 12 23 May	Advanced Topic I	<i>A discussion of monetary and fiscal unions</i>
Week 13 30 May	Advanced Topic II	<i>A discussion of modern public finance</i>