

**Course Outline 2017**  
**ECON 711: MACROECONOMICS THEORY AND POLICY**  
(15 POINTS)  
**Semester 1 (1163)**

---

**Course Prescription**

This is a core course that provides an advanced treatment of some fundamental topics in macroeconomic theory. Topics covered include dynamic optimisation, consumption, money, inflation, exchange rates, and the current account.

**Programme and Course Advice**

This course serves as the core macroeconomics course at the postgraduate level. Students are expected to have completed ECON 381 Foundations of Economic Analysis.

**Goals of the Course**

This course will introduce and equip students with the tools needed for macroeconomic analysis at the graduate level. The course will introduce students to the workhorse models used in modern macroeconomics and show how they apply to contemporary problems facing policymakers.

**Learning Outcomes**

By the end of this course it is expected that the student will be able to:

1. Have a solid grasp of the main models used in macroeconomics and understand their key insights; and
2. Critically assess these models and apply the analysis to better understand contemporary issues in macroeconomics and macroeconomic policymaking.

**Content Outline**

There are two parts to the course. The first part will introduce students to dynamic macroeconomic models. The second part will focus on money, crises, and banking.

***Provisional course outline***

*Part 1 – An Introduction to Dynamic Macroeconomics*

Week 1-2: Rational expectations

Week 3-5: Intertemporal optimising models

Week 6: In class test

*Part 2 – Coordination Failure and Search in Macroeconomics*

Week 7-9: Credibility and crises

Week 10-11: Search models of money and unemployment

Week 12: The New Keynesian macro model/ Review

## Learning and Teaching

This course will be taught in the first semester. There will be 3 hours of lectures per week. Students will be expected to have some familiarity with the core mathematical tools in economics, including (static) optimization and concepts in game theory.

## Teaching Staff

**Professor Prasanna Gai**, room 677, 6<sup>th</sup> floor, Owen G. Glenn building,  
Telephone: 923 8310, email: [p.gai@auckland.ac.nz](mailto:p.gai@auckland.ac.nz)

## Learning Resources

There is no set text. My lecture notes (which will be posted up following the lecture) will serve as a useful starting point for further reading. Students are, however, expected to read further (e.g. see the recommended books below and, in some cases, the original journal articles).

### *Recommended Reading:*

Romer, D. *Advanced Macroeconomics*, 4th edition, McGraw-Hill.

Blanchard, O. & S. Fischer. *Lectures on Macroeconomics*, MIT Press.

Obstfeld, M. & Rogoff, K. *Foundations of International Macroeconomics*, MIT Press.

## Assessment

Assessment will be based on two components: A mid-semester test worth 30%, and a comprehensive Final Examination worth 70% of the total mark. Plussage will apply, i.e. I will maximise your mark and take  $\max[\text{your final exam score, combined mid-semester} + \text{final exam score}]$ .

Learning Outcome	Test	Final Examination
1	X	X
2	X	X

## **CHEATING AND PLAGIARISM**

The University of Auckland regards cheating as a serious academic offence.

Plagiarism is a form of cheating. In coursework assignments submitted for marking, plagiarism can occur if you use the work and ideas of others without explicit acknowledgment. Work can be plagiarised from many sources, including books, journal articles, the internet, and other students' assignments. A student's assessed work may be reviewed against electronic source material using computerised detection mechanisms. Upon reasonable request, students may be required to provide an electronic version of their work for computerised review.

The way of avoiding plagiarism is to reference your work properly. If you are in doubt about how to reference properly, ask someone – your lecturers, tutors and the Student Learning Centre are good places to start. Please refer to the following website for further information about academic referencing: [www.cite.auckland.ac.nz/](http://www.cite.auckland.ac.nz/)

The document *Guidelines: Conduct of Coursework* provides further advice on how to avoid plagiarism. It can be found at: <https://policies.auckland.ac.nz/policies/Policies/policy-display-register/guidelines-for-the-conduct-of-coursework.pdf>

The penalties for plagiarism can be severe, including losing some or all of the marks for the assignment. Major offences can be sent to the University's Discipline Committee, where further penalties can be imposed.

### **THIRD PARTY ASSISTANCE WITH COURSEWORK**

While you are encouraged to improve your coursework writing skills and are permitted to seek assistance from third parties you are advised that there are important limits on the amount and type of assistance that can be given to you in completing your assignments, including group work. Third parties include fellow students, reading groups, friends, parents, SLC tutors, and paid-for professional editing services.

There is a set of guidelines which clearly indicates the type of advice and assistance that can be given. If you are seeking the assistance of any third party you are required to give a copy of the guidelines to the person prior to them helping or assisting you.

You are also required to only seek and accept help using a printed version of your work, not an electronic version. You must keep a copy of this printed version and produce it if required.

A copy of the guidelines is available at: [www.business.auckland.ac.nz/thirdpartyassistance](http://www.business.auckland.ac.nz/thirdpartyassistance)

### **HELP WITH ACADEMIC REFERENCING**

Acknowledgement of sources is an important aspect of academic writing. The University's Referen@ite website [www.cite.auckland.ac.nz](http://www.cite.auckland.ac.nz) provides students with a one-stop online resource for academic referencing needs. Referen@ite explains the essentials of referencing and how to avoid plagiarism. It also includes practical tools to help students reference correctly, use references effectively in writing, and gives fast access to some major reference formats with examples.

### **INCLUSIVE LEARNING**

Students are urged to discuss privately any impairment-related requirements face-to-face and/or in written form with the course convenor/lecturer and/or tutor.

### **STUDENT FEEDBACK**

Student feedback is encouraged in this course. During the semester, students may directly submit their feedback to the lecturer through a face-to-face appointment, or they may wish to submit feedback through the class representative.

#### ***Class representatives***

At the beginning of each semester, you will elect a class representative for the paper<sup>[1]</sup>. The role of the class representative is to gather feedback from students in the course and bring this to the lecturer and/or the Department. Class representatives' email addresses are posted on Cecil and you are encouraged to contact them with feedback relating to the course. You are also welcome to talk to the class representatives in person.

#### ***Staff-Student Consultative Committee***

Class representatives also submit feedback to the Department of Economics Staff Student Consultative Committee (SSCC), which meets up to three times per semester to gain

---

<sup>[1]</sup> An election will not take place if the number of applicants for the class representative positions equals the number of positions available.

feedback regarding the course. Only class representatives may attend the SSCC meetings, and they will ask the class for feedback before the SSCC meeting.

***Course and teaching evaluations***

At the end of the semester, you will have the opportunity to submit an evaluation of the course in a formative feedback questionnaire.