ECON6002
Macroeconomic Analysis

Course Outline
Semester 1, 2015

Part A: Course-Specific Information

Students are also expected to have read and be familiar with Part B Supplement to All Postgraduate Course Outlines. This contains Policies on Student Responsibilities and Support, Including Special Consideration, Plagiarism and Key Dates. It also contains the BUSINESS SCHOOL PROGRAM LEARNING GOALS.
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1 STAFF CONTACT DETAILS

Lecturer-in-charge: Benoit Julien
Room UNSW Business School 405
Phone No: 9385 3678
Email: benoit.julien@unsw.edu.au
Consultation Times: Tuesday 12-3pm (or by appointment)

1.1 Communications with staff
You should feel free to contact your lecturer about any academic matter. However, I strongly encourage, for efficiency, all enquiries about the subject material be made at tutorials or during consultation time. The lecturers will hold regular office hours starting Week 2 until Week 13.

Email is the recommended means of initial communication with the teaching staff for this course. Discussion of course subject material will not be entered into via lengthy emails.

Lecturers will reply to email within 48 hours, except on weekends, with the following provisions:
- The question should require a one (or two) sentence response (maximum). If it takes more, office hours are the more appropriate venue.
- We will never answer emails that request information that can be found on the website or the syllabus.
- We will not reply to emails concerning grading. For such matters, office hours are more appropriate.
- It is also (strongly) preferable that you use an UNSW email address: Our spam filter is set to maximum. Moreover, university policy stipulates a preference for these email addresses.
- Always identify yourself and the course code in your email.
- Please do not send attachments of any kind unless requested by the lecturers.
- Please do not submit term work by email unless requested by the lecturers.

We encourage you to provide course feedback and comments via email, if you wish. Please note that the lecturer has no advance notice of the date and time of the exam.

2 COURSE DETAILS

2.1 Teaching Times and Locations
Lectures start in Week 1 (to Week 12): The Time and Location are:
Tuesday 18:00-21:00 UNSW Business School 205

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
The first half of course will focus on dynamic macroeconomics based on general equilibrium theory with added emphasis on neoclassical growth models and dynamic programming, models with uncertainty, overlapping generation models, real business
cycle theory, and monetary policy models. The second half is on the dynamics of labour markets, unemployment, and micro-foundations of macroeconomics. For each topic, we will also learn problem solving and numerical techniques and apply them in the particular topic in discussion. In the second half of the course, some data analysis is also part of the learning process.

2.4 Aims and Relationship to Other Courses

This course is a graduate course (for PhD and MEc students) on advanced macroeconomics. It will build on the material that is taught in intermediate courses in macroeconomics. Relative to your past-level studies in economics, you will acquire an extra layer of professional knowledge and core analytical skills in advanced macroeconomics.

2.5 Student Learning Outcomes

The course covers leading topics in advanced ‘big-picture’ economics. It includes topics in new classical economics, which draws on microeconomic techniques (see below.) Having successfully completed the first half you will:

<table>
<thead>
<tr>
<th>Program Learning Goals and Outcomes</th>
<th>Course Learning Outcomes</th>
<th>Course Assessment Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>This course helps you to achieve the following learning goals</td>
<td>On successful completion of the course, you should be able to:</td>
<td>This learning outcome will be assessed in the following items:</td>
</tr>
<tr>
<td>1 Knowledge</td>
<td>Explain the assumptions and structure of standard models in macroeconomics</td>
<td>Assignments, Exams</td>
</tr>
<tr>
<td></td>
<td>Analyse and manipulate these models</td>
<td></td>
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<tr>
<td></td>
<td>Use statistical skills to present data relevant to problems in macroeconomics</td>
<td></td>
</tr>
<tr>
<td>2 Critical thinking and problem solving</td>
<td>Use the standard models of advanced macroeconomics to interpret and analyse real problems in macroeconomics</td>
<td>Assignments, Exams</td>
</tr>
<tr>
<td>3a Written communication</td>
<td>Construct written work which is logically and professionally presented.</td>
<td>Assignments, Exams</td>
</tr>
<tr>
<td>3b Oral communication</td>
<td>Communicate ideas in a succinct and clear manner.</td>
<td>In class</td>
</tr>
<tr>
<td>4 Teamwork</td>
<td>Work collaboratively to complete a task.</td>
<td>Not assessed specifically assessed.</td>
</tr>
<tr>
<td>5a. Ethical, environmental and sustainability considerations</td>
<td>Not specifically addressed in this course.</td>
<td>Not assessed specifically assessed.</td>
</tr>
<tr>
<td>5b. Social and cultural awareness</td>
<td>Not specifically addressed in this course.</td>
<td>Not assessed specifically assessed.</td>
</tr>
</tbody>
</table>
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 outcome.

Understanding and using economic models is key element in economic analysis and in undertaking research in economics. The best way to gain a deep understanding of these models is by working through the models yourself using a pen and paper. Look at the equations and write them out (or draw the diagrams). Note what variables enter into the models and make sure you can provide an intuitive explanation as to why they are there. Think about the assumptions used in the model and ask why they are used. Look at how the model is solved and then look at the solution and see if it makes economic sense. In some cases, you will should work through the data and convince yourself that the model is an appropriate specification. It usually takes time to build-up these skills so it is good practice to begin early in the session and do a little at a time.

In the lectures we will work through important models, however the numerous problem sets will give you practice at working with and solving economic models and help you to acquire the necessary skills.

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 emphasise the important concepts and methods of each topic, and to provide relevant examples to which the concepts and methods are applied. As not all topics will be presented extensively, students should refer to the textbook for further details and be sure to attempt the tutorial exercises.

Tutorials

The object of the tutorials is to discuss various approaches to, and issues associated with the assigned exercises and topics covered in the course.

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.

An “ideal” strategy (on which the provision of the course materials is based) might include:

- Reading of the relevant chapter(s) of the text and any readings before the lecture. This will give you a general idea of the topic area.
- Attendance at lectures. Here the context of the topic in the course and the important elements of the topic are identified. The relevance of the topic should be explained.
- Attending tutorials and attempting the tutorial questions.
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.

4.2 Assessment Details

<table>
<thead>
<tr>
<th>Assessment Task</th>
<th>Weighting</th>
<th>Length</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assignments</td>
<td>30%</td>
<td>See section 4.3</td>
<td>See section 4.3</td>
</tr>
<tr>
<td>Mid-session Exam</td>
<td>35%</td>
<td>2 hours</td>
<td>Week 7</td>
</tr>
<tr>
<td>Final Exam</td>
<td>35%</td>
<td>2 hours</td>
<td>University Exam period</td>
</tr>
</tbody>
</table>

4.3 Assignments
The problem sets will be based on the theoretical models covered in lectures. They are designed to provide students with practice in obtaining the necessary skills to analyse and solve economic models. Collaboration among classmates is encouraged, however, students must acknowledge any help received from other students. Failure to acknowledge will be considered plagiarism. Please see Section for Academic Dishonesty and Plagiarism.

There will be 4 assignments due on week 3, 6, 9 and 12. Students are encouraged to self-organize into groups of 2-3 members each and hand in one assignment per group.

4.4 Midsession Exam
A mid-session test will be held during WEEK 7. It will be of 2 hours in duration and will relate to the topics covered during the first six weeks of lectures. The purpose of the assessment is to test knowledge of the concepts introduced up to this point.

There will be NO supplementary tests offered for the mid-session exam. You should make every effort to take the mid-session exam. The material covered in the midsession exam will not be examinable in the final exam.

Applications for special consideration for this assessment item 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.

4.5 Final Exam
The final examination will test material covered in Weeks 8 to 12. The duration of the final exam will be two hours. Be aware that your final examination may fall at any time
during the semester’s examination period. The scheduling of examinations is controlled by the school administration. No early examinations are possible.

Further information on the content of the Final Exam will be provided towards the end of session. The purpose of the final examination is to assess knowledge of basic macroeconomic concepts and theory covered in the second half.

4.6 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 Course and Teaching Evaluation and Improvement (CATEI) Process 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

The website for this course is on UNSW Moodle at: http://moodle.telt.unsw.edu.au

Additional materials such as solutions to the tutorial exercises, lecture notes, slides, etc. will be provided through the course website on UNSW Moodle.

There is no prescribed textbook for the first half of course. Students may find the following graduate textbooks (available in the UNSW library) useful for some parts of the course.


Other useful books and papers:


## COURSE SCHEDULE

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<thead>
<tr>
<th>Week</th>
<th>Topic</th>
<th>Reference</th>
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<tbody>
<tr>
<td>Week 2</td>
<td>Same as Week 1</td>
<td>Same as Week 1</td>
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<tr>
<td>Week 3</td>
<td><strong>Introduction to Neoclassical Growth Model and Dynamic Programming</strong></td>
<td>Lecture notes Ljungqvist and Sargent, Ch. 3-5 Stokey and Lucas, Ch. 2-4 Cooley, Ch. 1-2 Kydland, F.E. and E.C. Prescott (1982): “Time to Build and Aggregate Fluctuations,” <em>Econometrica</em>, 50, 1345-1370.</td>
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<tr>
<td>Week 4</td>
<td>Same as Week 3</td>
<td>Same as Week 3</td>
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<tr>
<td>Week 5</td>
<td><strong>Solow-Swan growth model, and models of endogenous growth</strong></td>
<td>Lecture notes Ljungqvist and Sargent, Ch. 3-5 Stokey and Lucas, Ch. 2-4 Cooley, Ch. 1-2 Adda and Cooper, Ch. 2-3</td>
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<td></td>
<td>Mid-semester break: Friday 3rd April – Sunday 12th April</td>
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<tr>
<td>Week 7</td>
<td><strong>Midterm Exam 2 hours</strong></td>
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| Week 8 28 April | **Models of Job Search and Labour Market** | Lecture notes  
Ljungqvist and Sargent, Ch. 9-10 |
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<tr>
<td>Week 9 5 May</td>
<td>Same as Week 8</td>
<td>Same as Week 8</td>
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<tr>
<td>Week 11 19 May</td>
<td><strong>Recent developments in Search Theory and Applications</strong></td>
<td>TBA</td>
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<tr>
<td>Week 12 26 May</td>
<td>Same as Week 11</td>
<td>Same as Week 11</td>
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<tr>
<td>Week 13 2 June</td>
<td>NO LECTURES</td>
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