



UNIVERSITY  
OF TASMANIA

# **School of Economics**

**Faculty of Commerce**

## **BEA220 Intermediate Macroeconomics**

**Semester 2, 2003**

### **Unit Outline**

**Mr Norton Grey**

CRICOS Provider Code: 00586B

# Contact details

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# Unit details

**Campus & Mode:** Hobart, Web CT Supported  
**Unit Weight:** 12.5%  
**Prerequisite** BEA110 Economics for Business

**Teaching Staff:** Mr Norton Grey

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## **Unit description**

This is an intermediate level unit in macroeconomic theory and policy. Building upon the macro foundations taught in BEA110 Economics for Business, this unit both provides students with a solid grounding in macro economics and prepare them for advanced study in the field.

This unit is a core unit in the Analytical Economics Major, Australian Economy and the Asia Pacific Major, Economics, Organisations and Industrial Relations Major and the Economic Policy Major in the Bachelor of Economics and may be taken as an elective unit in all Bachelor of Economics programs.

## **Aim**

In addition to teaching the technicalities of intermediate level macroeconomics, BEA220 equips students with the macroeconomic theories used by economists in the “real world”, eg by Treasury officials in the formulating of the Government Budget, or by business economists forecasting GDP and inflation. The unit expounds the Keynesian, Classical and Monetarist models of National Product, investment, interest rates, exchange rates, inflation and unemployment. The course concludes with the Neoclassical growth model. The study of these models is complemented by topical examples drawn from current developments in economic policy in Australia.

Topics include the theory of aggregate demand, the concept of full employment, the determination of the level of unemployment, inflation, the balance of trade and international capital movements and the golden rule for growth.

## **Learning outcomes**

On completion of this unit, you should be able to:

- Understand the derivation of IS-LM curves;
- Understand models of the labour market and possible relationships between unemployment and inflation;
- Understand models of the balance of payments and the determination of international capital movements.
- The student should understand the limitations of growth theory and be able to critically evaluate macroeconomic policy proposals.

## Generic graduate attributes

Attribute	Description	Exemplars
Knowledge	Graduates will have an informed knowledge of the field of Macroeconomics.	Be able to apply the technical and information skills of macroeconomy.  Exhibit research and synthesis skills  Understand the limitation of current economic modelling.
Solving Skills	Graduates will have effective knowledge and problem solving capacity for a range of macroeconomic problems.	Demonstrate an oral, written, numerical and graphical ability to communicate macroeconomic concepts.
Global Perspective	Graduates will be able to apply different models to World economic problems and apply a logical, critical and creative thought to international economic problems.	Demonstrate an awareness of local and global economic issues.
Social Responsibilities	Graduates will understand the ethical differences in the choices faced by policy makers.	Appreciate the impact of social change.

## Pre-requisites

### Assumed skills

- Basic knowledge of the economic paradigm.
- Ability to understand basic models of economic systems.
- Ability to understand and read graphs.
- Satisfy basic standards of literacy in the English language.

### Prerequisite

BEA110 Economics for Business

## Texts, references and learning resources

### Prescribed text(s)

Rudiger Dornbusch, Philip Bodman, Mark Crosby, Stanley Fischer, & Richard Startz. (2002) *Macroeconomics*, 1/e edition. McGraw-Hill, Sydney (ISBN: 007 470 555 6) - (DBCFS)

Note : a useful supplement to this text is available on the internet at:

<http://www.mcgraw-hill.com.au/mhhe/econ/dornbusch/>

Students are encouraged to examine this supplement.

### Recommended readings

I.M. McDonald, *Macroeconomics* second edition, Jacaranda Wiley, 1995.

Macroeconomics and the Australian Economy, by Rogers and Neal, Prentice Hall, 1994. This text can be found in the Reserve Section of the Morris Miller Library.

## Teaching arrangements

### Lectures

There will be one two-hour lecture per week. Lectures will be held on Monday 9.00am – 10.50am in Commerce Lecture Theatre 2.

### Workshops

A Workshop will be held weekly for the subject on Thursday at 3.10 Commerce Lecture Theatre 3. Workshops will commence in the second week (week beginning July 21<sup>st</sup> 2003).

The workshop format for BEA220 Intermediate Macroeconomics is collaborative, You do the reading and problem solving techniques related to the topics will be used. Students should undertake the required reading prior to the workshop and attempt any workshop problems in order to learn more effectively. Attached to this handout is the material for the first tutorial. Material for subsequent workshops will be handed out in workshop or lecture.

## Software Requirements

### Macrolearn—Computer Software for Macroeconomics

This came with the McDonald text, and students may borrow a copy from me.

A computer software program called Macro Learn has been developed at the University of Melbourne with the assistance of Jacaranda Wiley to facilitate the learning of macroeconomics. You may use this on the Commerce and Economics Computer Laboratories, located 2nd Floor. Alternatively borrow the CD and use it on your home computer.

## Occupational health and safety (OH&S)

The University is committed to providing a safe and secure teaching and learning environment. In addition to specific requirements of this unit you should refer to the University's policy at: [http://www.admin.utas.edu.au/hr/ohs/pol\\_proc/ohs.pdf](http://www.admin.utas.edu.au/hr/ohs/pol_proc/ohs.pdf)

## Unit schedule

The lectures are organised around the following topics:

- Unemployment and Aggregate Demand.
- The Level of Full Employment and Inflation.
- Real Wages and Employment.
- Macroeconomics and the Balance of Payments.
- Growth.

The schedule below outlines topics and readings:

Topic Number	Title	Reference
1	General Introduction and the School's of Thought	DBCFS, chs 1&2
<b>The Business Cycle</b>		
2	Aggregate Supply and Demand	DBCFS, ch 5 McDonald, Ch 17
3	Income and Spending	DBCFS, ch 8 McDonald, Chs 4 & 5
4	Money, Interest and Income – The ISLM Model – Policy	DBCFS, chs 9,10 & 18 McDonald Chs 6 & 7

<b>Topic Number</b>	<b>Title</b>	<b>Reference</b>
5	International linkages – The Mundell-Fleming Model	DBCFS, ch 11 McDonald Chs 19, 20 & 21
<b>Economic Growth</b>		
6	Economic Growth – An in-depth Analysis of Growth Accounting, the Neoclassical Growth Model. A brief introduction to new growth theory endogenous growth models.	DBCFS, chs 3 & 4
<b>More on Economic Fluctuations</b>		
7	Dynamic Aggregate Demand and Supply	DBCFS, ch 6
8	The Labour Market and Unemployment	DBCFS, ch 6 & 7 McDonald, Chs 10, 11 & 12

## Important Dates

<b>Week</b>	<b>Date Beginning</b>	<b>Event</b>
Week 14	July 14 <sup>th</sup>	Lectures begin
Week 15	July 21 <sup>st</sup>	Workshops begin
Week 18	August 11 <sup>th</sup>	Assignment given out
Week 21	September 1 <sup>st</sup>	Mid Semester Test
AVCC Common Week	September 29 <sup>th</sup> – October 6 <sup>th</sup>	
Week 25	October 6 <sup>th</sup>	Assignment due (10.00 pm.)
Week 26	October 13 <sup>th</sup>	Last lecture
Study Period	October 20 <sup>th</sup> – October 24 <sup>th</sup>	
Exams Begin	October 25 <sup>th</sup> – November 11 <sup>th</sup>	

## Learning expectations and strategies

### Expectations

The University is committed to high standards of professional conduct in all activities, and holds its commitment and responsibilities to its students as being of paramount importance. Likewise, it holds expectations about the responsibilities students have as they pursue their studies within the special environment the University offers.

The University's Code of Conduct for Teaching and Learning states:

*Students are expected to participate actively and positively in the teaching/learning environment. They must attend classes when and as required, strive to maintain steady progress within the subject or unit framework, comply with workload expectations, and submit required work on time.*

### Learning strategies

If you need assistance in preparing for study please refer to your tutor or lecturer. For additional information refer to the Learning Development website : <http://www.utas.edu.au/learndev/>

If you will be using WebCT for the first time and would like some information on how to use WebCT refer to the following guide: [http://www.utas.edu.au/coursesonline/docs/using\\_webct.pdf](http://www.utas.edu.au/coursesonline/docs/using_webct.pdf)

Some of the units you will study use video conferencing to deliver lectures and tutorials. To enable you to get the best out of a video conference please refer to the following guide. <http://www.its.utas.edu.au/videoconf/vcstudentguide.pdf>

## Assessment

### Mid-Semester Test

The mid semester test will be held during the first hour of lectures on **Monday September 1<sup>st</sup>** (Week 8), and will cover material covered up to that date.

### Assignment

The Assignment will be due at 10.00 am on **Monday October 6<sup>th</sup>** (Week 12). Topic will be given on **Monday August 11<sup>th</sup> 2003** (Week 5).

### Assessment summary

Component	Weight/Value	Due date
Assignment 1	10%	October 6 <sup>th</sup> , 10.00pm
Mid Semester Test	20%	September 1 <sup>st</sup>
Final exam	70%	Exam Period
Total	100%	

## Submission of assignments

All work must have the School of Economics Assignment Cover Sheet attached. The cover sheet will be available on the unit page on WebCT.

Please remember that you are responsible for lodging your written work on or before the due date. We suggest that you keep a copy – photocopying is ideal. Even in the most ‘perfect’ of systems, items sometimes go astray. Lodge your assignments in the box marked BEA220 on Level 4, Foyer Area, Commerce Building. Work will be returned during classes. Uncollected assignments will be available from the Secretary’s office, Room 407.

## Requests for extensions

Extensions will only be granted on the basis of consultation with your lecturer before the due date. If you are ill, please provide a medical certificate so that this can be noted. If you are unable to attend the mid-semester test due to circumstances beyond your control, please inform your lecturer or the School Secretary before the test date.

## Access to WebCT

The WebCT entry page is at <http://webct.utas.edu.au:8900/>. Click 'Log on to myWebCT' and enter the same username and password that you use for your University email account. Your personal WebCT page will appear, with the units in which you are enrolled listed at the top left of the screen. Click on the ‘BEA220 Intermediate Macroeconomics’ link to gain access to the home page for this unit. Details about WebCT features are available on <http://www.webct.com/quickstart>. If you run into problems with WebCT, contact the Help Desk on Telephone: 6324 3888, or Email: [HelpDesk@weboffice.utas.edu.au](mailto:HelpDesk@weboffice.utas.edu.au).

## Penalties

Late submission of assignments and other forms of assessment will incur a penalty of:

1 – business day late	=	10% penalty
2 – 5 business days late	=	25% penalty
More than 5 business days	=	100% penalty

## Academic referencing

Student writers need to back up their ideas by referring to scholarly literature, works of art and inventions that they have used. Failure to do so constitutes academic dishonesty (plagiarism), a matter considered by the University of Tasmania as a serious offence. It is important that students understand how to correctly refer to the work of others and maintain academic integrity.

The appropriate referencing style for this unit is

Baumol, William (1986), “Productivity Growth, Convergence and Welfare”, *American Economic Review*, vol. 76, pp. 1072-85.

Maddison, Angus (1970), *Economic Progress and Policy in Developing Countries*, London, Allen and Unwin.

For information on presentation of assignments :

<http://www.utas.edu.au/library/assist/gpoa/gpoa.html>

Please read the following statement on plagiarism. Should you require clarification please see your unit coordinator or lecturer.

## Plagiarism

Plagiarism is a form of cheating. It is taking and using someone else's thoughts, writings or inventions and representing them as your own; for example, using an author's words without putting them in quotation marks and citing the source, using an author's ideas without proper acknowledgment and citation or copying another student's work.

In fact the intentional copying and submission of someone else's work as one's own is a serious offence tantamount to academic fraud. It is a University offence punishable by a range of penalties that may range from a fine or deduction/cancellation of marks and, in the most serious of cases, exclusion from a unit, a course, or the University. **When in doubt consult your lecturer or tutor.** Details of penalties that can be imposed are available in the Ordinance of Student Discipline or at: [www.utas.edu.au/plagiarism](http://www.utas.edu.au/plagiarism)

Useful resources on academic integrity, including what it is and how to maintain it, are also available at [http://www.utas.edu.au/tl/academic\\_integrity/index.html](http://www.utas.edu.au/tl/academic_integrity/index.html)

## Additional assistance

If you are experiencing difficulties with your studies or assignments, have personal or life planning issues, disability or illness which may affect your course of study, you should raise these with your lecturer.

Student Services staff are located in Hobart, Launceston and Burnie and provide a wide range of services to assist students, they include:

- Student Counsellor
- Careers Adviser
- Disability Adviser
- Student Employment Service.

Or visit the Student Services website at :

<http://student.admin.utas.edu.au/services/>

Should you require assistance in accessing the Library visit their website for more information at <http://www.utas.edu.au/library/>

Your contact Librarian for this unit is :

Heather Mitchell (ext 2306)

International Services website provides information on the assistance available to international students, visit their site at :

<http://www.international.utas.edu.au/index.html>

The Learning Development website has a wide range of resources on study skills and learning strategies, visit their site at : <http://www.utas.edu.au/learndev/>

## **Help resolving concerns about this unit**

If you have any concerns or complaints with the administration and/or management in this unit or your BEc course of either a general or personal nature, then you should in the first instance discuss the matter with your lecturer. If you feel that you would rather discuss the issue with an independent person within the School of Economics, then contact the Ombusperson:

**Dr Sarah Jennings  
School of Economics  
Room 413**

**email [sarah.jennings@utas.edu.au](mailto:sarah.jennings@utas.edu.au)**

If the matter is still unresolved and you would like to know who to contact or the procedures for resolving your concern refer to the following website :

<http://student.admin.utas.edu.au/services/complaints/index.html>

The Hobart based Tasmanian University Union (TUU) or the Launceston/Burnie based Student Association (SA) may also be able to assist.

## **Unit feedback**

The University of Tasmania, on a regular basis, evaluates its teaching and learning environment through the Student Evaluation of Teaching and Learning (SETL) system. The University values feedback from students and from time to time you will be asked to complete a SETL evaluation for a unit of study. For more information on SETL go to :

<http://student.admin.utas.edu.au/setl/index.html>