Unit Outline 2014
Faculty of Business Government and Law

Unit Title Contemporary Issues in Macroeconomics
Unit Number 6400

Unit Convenor

Greg Mahony
Room: 11B10
Mail Box: 212 Building 11, Level B.
Tel: 6201 5482
Email: Greg.Mahony@canberra.edu.au
This Unit Outline must be read in conjunction with:

a) *UC Student Guide to Policies*, which sets out University-wide policies and procedures, including information on matters such as plagiarism, grade descriptors, moderation, feedback and deferred exams, and is available at (scroll to bottom of page) http://www.canberra.edu.au/student-services

b) *UC Guide to Student Services*, and is available at (scroll to bottom of page) http://www.canberra.edu.au/student-services

c) Any additional information specified in section 6h.

1: General Information

1a Unit title     Contemporary Issues in Macroeconomics

1b Unit number    6400

1c Teaching Period and year offered    Semester 2 2014

1d Credit point value 3

1e Unit level 3

1f Name of Unit Convener and contact details (including telephone and email)

Greg Mahony  
Room: 11B10  
Tel: 6201 5482  
Email: Greg.Mahony@canberra.edu.au

My mail box is 212. It can be found in the nest of boxes opposite my door.

Co-lecturer:

Dr Craig Applegate  
Room 11A51  
Tel: 62012724  
Email: Craig.Applegate@canberra.edu.au

1g Administrative contact details (including name, location, telephone and email)

Tel: (02) 6206 8810  
Fax (02) 6201 5764  
Room: 11B 27
Matters of enrolment should be addressed to Student Administration in Bldg 1 or to the Course Conveners within the Faculty in the first instance.

All email contact with the staff MUST be through the University email system – use your UC mail account exclusively. All other email addresses are likely to be blocked, bounced back to you and not replied to due to problems of spam.

2: Academic Content

2a Unit description and learning outcomes

Syllabus

This unit focuses on the role of government in the macro economy. It begins with an examination of the different schools of thought about the role of government and macroeconomic policy in modern economics. It then analyses the economic role of government in Australia in the light of these theories, incorporating into the analysis the policy constraints imposed by this country's political institutions and culture. Particular attention is paid to the pressures on policy arising from the international economy and international institutions. The unit examines current policy issues such as unemployment, wages policy, income distribution, foreign debt and foreign ownership.

Learning Outcomes

Building on Intermediate Macroeconomic theory, students will be able to:

1. Apply these theories to the analysis of contemporary Macroeconomic problems in Australia;

2. Argue the cases for taking differing approaches to fiscal and monetary policy; and

3. Evaluate how Macroeconomic policy should be adjusted to take into account both asset prices and various theories of the natural rate of unemployment.

2b Generic skills

This unit is just one component of your degree studies. Across the whole course leading to your degree you are expected to develop skills and attributes across five generic areas – see http://www.canberra.edu.au/learning-teaching/student-support/uc-graduate-attributes

It is not expected that all generic skills will be equally dealt with in the one unit.

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<table>
<thead>
<tr>
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<tbody>
<tr>
<td>1. <strong>Communication</strong></td>
<td>The ability to present knowledge, ideas and opinions effectively and communicate within and across professional and cultural boundaries.</td>
</tr>
<tr>
<td>2. <strong>Analysis and Inquiry</strong></td>
<td>The ability to gather information, and to analyse and evaluate information and situations in a systematic, creative and insightful way.</td>
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</table>
This unit concentrates on particular generic skills as indicated below. These are related to assessments items in the Assessment Overview to be found at Section 5a below.

2c Prerequisites and/or co-requisites  Intermediate Macroeconomics

It is the responsibility of the student to ensure that they have previously obtained at least a pass in the pre-requisite unit. Otherwise, the most likely outcome is that they will fail this unit.

We assume that students are already familiar with the ISLM model of aggregate demand

It is *strongly recommended* that you have also successfully completed Intermediate Microeconomics before attempting this unit.

3: Delivery of Unit and Timetable

3a Delivery mode:

On-Campus Attendance (Expected) and Online Content (ON-CAMPUS)

This unit uses traditional face to face teaching in the normal semester. It is difficult to pass this unit if you don’t attend lectures and tutorials.

3b Timetable of activities, such as lectures/ tutorials/ practicals/ field classes, showing key dates and topics

The preliminary timetable is as follows:

**Lecture:** Thursdays 12.30pm- 14.20pm in 2A6

**Tutorial:** Thursdays 14.30pm - 15.50pm in 2A14

Note that while there are only 7 tutorials in the semester each is of 80 minutes duration.
### 3b. Schedule of lecture topics and tutorials by week. This list is subject to change; any changes will be announced in lectures.

<table>
<thead>
<tr>
<th>Week</th>
<th>Activity</th>
<th>Lecturer</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td><strong>Lecture</strong>: From boom to gloom? A snapshot of the state of the Australian and Global economies.</td>
<td>Greg Mahony</td>
</tr>
<tr>
<td></td>
<td>No Tutorial this week.</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td><strong>Lecture</strong>: Theories and models of the Macro economy: is there any agreement?</td>
<td>Greg Mahony</td>
</tr>
<tr>
<td></td>
<td><strong>T1 Tutorial</strong>: Debating topics and sides taken will be chosen by students in this tutorial session. You need to settle on your topic now so that we agree allocations for all tutorials at this session.</td>
<td>Greg Mahony</td>
</tr>
<tr>
<td>3</td>
<td><strong>Lecture</strong>: Sticky prices and sticky wages as causes of macroeconomic cycles.</td>
<td>Dr Craig Applegate</td>
</tr>
<tr>
<td></td>
<td>No Tutorial this week.</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td><strong>Lecture</strong>: The theory behind the concepts of a fixed or flexible NAIRU.</td>
<td>Dr Craig Applegate</td>
</tr>
<tr>
<td></td>
<td>No Tutorial this week.</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td><strong>Lecture</strong>: Monetary Policy and inflation targeting- did it fail?</td>
<td>Greg Mahony</td>
</tr>
</tbody>
</table>
|      | **T2 Tutorial debates**  
  a. Macroeconomic theory performs well in explaining the performance of the economy over the last 30 years.  
  b. Australia is heading into a recession! | Greg Mahony |
<table>
<thead>
<tr>
<th>Week</th>
<th>Activity</th>
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<tbody>
<tr>
<td>6</td>
<td><strong>Lecture:</strong> Fiscal Policy ‘ineffectiveness’: BOP constraints on Growth, Ricardian Equivalence etc.</td>
</tr>
</tbody>
</table>
|      | **T3 Tutorial debates**  
c. The best way to reduce involuntary unemployment is to reduce nominal wages.  
d. The NAIRU is stable enough to be used for setting macroeconomic policy | Dr Craig Applegate |
| 7    | **Lecture** – The global financial crisis: causes, consequences and recovery. | Greg Mahony |
|      | **T4 Tutorial Debates**  
e. The policy of monetary targeting has been an excellent tool of policy and should be maintained into the future.  
f. Inflation is longer a threat and should not be a policy priority. | Greg Mahony |
| 8    | **Class free period.** | |
| 9    | **Lecture:** Intergenerational Equity and Budgetary Policy | Greg Mahony |
|      | **Not Tutorial this week** | |
| 10   | **Lecture:** The Austerity-Growth debate in Europe. | Greg Mahony |
|      | **T5 Tutorial Debates:**  
g. Fiscal policy has proven to be ineffective and should not come into policy consideration.  
h. Ricardian equivalence is too abstract a concept to have any meaningful policy application. | Greg Mahony |
<table>
<thead>
<tr>
<th>Week</th>
<th>Activity</th>
</tr>
</thead>
</table>
| 11   | Lecture: Theories of Growth: is it all about endowments?  
Greg Mahony |
| T6   | Tutorial Debates:  
i. The causes of the global financial crisis are well understood.  
j. The sovereign debt crisis shows that any solution to the financial crisis needs to put greater emphasis on market solutions and less regulation.  
Greg Mahony |
| 12   | Guest Lecture:  
Bernie Fraser head of the climate change authority, Former Governor of the RBA and former Secretary of the Treasury.  
Thursday 30th October 2014 (check for confirmation on Moodle)  
TO BE CONFIRMED  
Greg Mahony |
| T7   | Tutorial Debates:  
k. Cutting debt and deficits is the only way to rebalance the European Marcoeconomy.  
l. Should Australian governments put intergenerational equity at the centre of budget policy?  
Greg Mahony |
| 13   | Lecture: The revival of interest in Equity and Growth.  
Greg Mahony |
|      | No Tutorial this week |

4: Unit Resources

4a Lists of required texts/readings

There is not set text for the unit.

For background reference you will find it helpful to have access to a contemporary intermediate textbook on macroeconomics such as:

Blanchard. O. *Macroeconomics*, Pearson/Prentice Hall (several editions)

There are many very similar texts available.
An excellent reference book for all topics in economics is:


The post 2008 period has seen a virtual ‘cottage industry’ in books that assess what went wrong and where macroeconomics and the world economy are going.

Some recent reading includes:


**Good sources of data, reports and commentary:**

Reserve Bank of Australia  
The Commonwealth Treasury  
The Brookings Institute  
The Federal Reserve  
The IMF and the OECD.  
The Jerome Levy Institute

**Journals:**

Journal of Economic Perspectives  
Australian Economic Review  
Economic Papers  
Economic Record  
Economic Issues (UK)  
Cambridge Journal of Economics  
Contributions to Political Economy  
Journal of Post-Keynesian Economics  
Review of Political Economy

For Unit readings and resources in the University of Canberra Library

[Link to search page for Unit Readings](#) (print materials)  
[Link to search page for eReserve](#) (electronic materials)

There will be an e-Reserve collection under this unit name on the Library site and a link from Moodle.

**4b Materials and equipment**

**4c Unit website**

To find your unit site online, login to [LearnOnline(Moodle)](#) using your student ID.
5: Assessment

5a Assessment overview

<table>
<thead>
<tr>
<th>Assessment item (including exams held in the exam period)</th>
<th>Due date of assignments</th>
<th>Weighting (total to equal 100%)</th>
<th>Addresses learning outcome(s)</th>
<th>Related generic skill(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>In tutorial policy debate</td>
<td>On the date agreed for your topic’s debate. <em>The agreed schedule will be posted on Moodle.</em></td>
<td>20%</td>
<td>1, 2, 3</td>
<td>1, 2</td>
</tr>
<tr>
<td>Written version of debate case.</td>
<td>The <strong>Wednesday</strong>, 13 days after your debate by 5pm upload to Moodle site.</td>
<td>40%</td>
<td>1, 2, 3</td>
<td>3, 4, 5</td>
</tr>
<tr>
<td>2 Hour Final exam</td>
<td>In the end of semester examination period</td>
<td>40%</td>
<td>1, 2, 3</td>
<td>1, 2, 5</td>
</tr>
</tbody>
</table>

**UC Generic Skills**

1 - Communication  
2 - Analysis and Inquiry  
3 - Problem Solving  
4 - Working independently and with others  
5 - Professionalism and Social Responsibility

5b Details of each assessment item

**In tutorial policy debate (20%)**

Six tutorials from the schedule of activities above, have been set aside for students to present their policy positions to the class. Debating topics are listed for each of these tutorials.

There will be 2 debates per tutorial with one student arguing in favour of a policy position and one arguing against for each topic. The first tutorial in Week 2 will be used to allocate topics and the days the debate will occur. Topics and allocations will be posted on Moodle after Week 2.

The debate format will be as follows:

For case – 10 minutes  
Against case – 10 minutes

Rebuttal by for case 5 minutes  
Rebuttal by against case 5 minutes
Class discussion of topic: 10 minutes

Written version of debate case. (40%)

You need to submit a written paper explaining your case in the debate. This should reflect both your prepared position and responses to any challenges raised in the debate itself. It can take the format of an essay or a report but needs to be academically referenced and professionally presented. (Extensive dot points are not acceptable). A file containing the essay should be uploaded via Moodle by 5 pm on the Wednesday, 13 days after your debate. There is a 3000 word limit.

This essay will be marked out of 40 and 2 of these 40 marks per day will be subtracted for every working day that it is submitted late.

Final Exam (40%)

All of the material discussed in tutorials and lectures is potentially examinable. Students will be informed in lectures about the structure of the final exam.

5c Special assessment requirements

Students need to achieve a marks of 40% (i.e. 16/40) in the final examination in order to pass the unit overall.

5d Supplementary assessment

Refer to the UC Supplementary Assessment Policy

5e Academic Integrity

Students have a responsibility to uphold University standards on ethical scholarship. Good scholarship involves building on the work of others and use of others’ work must be acknowledged with proper attribution made. Cheating, plagiarism, and falsification of data are dishonest practices that contravene academic values.

The Academic Skills Centre provides opportunities to enhance student understanding of academic integrity.

5f Text-matching software

6: Student Responsibility

6a Workload

The amount of time you will need to spend on study in this unit will depend on a number of factors including your prior knowledge, learning skill level and learning style. Nevertheless, in planning your time commitments you should note that for a 3cp unit the total notional workload over the semester or term is assumed to be 150 hours. These hours include time spent in classes. The total workload for units of different credit point value should vary proportionally. For example, for a 6cp unit the total notional workload over a semester or term is assumed to be 300 hours.

6b Special needs
Students who need assistance in undertaking the unit because of disability or other circumstances should inform their Unit Convener or UC AccessAbility as soon as possible so the necessary arrangements can be made.

6c Participation requirements

You must attend to present your debate on the agreed day and at the scheduled time in order to fulfil this component of assessment.

6d Withdrawal

If you are planning to withdraw please discuss with your unit convener. Please see Withdrawal of Units for further information on deadlines.

6e Required IT skills

Word processing.

6f In-Unit Costs

(Note: To calculate your unit fees see: How do I calculate my fees?. The online UC Co-op Textbook Search is available for purchasing text books.)

6g Work placements, internships or practicums

Na.

6h Additional information

7: Student Feedback

All students enrolled in this unit will have an opportunity to provide anonymous feedback on the unit at the end of the Semester via the Unit Satisfaction Survey (USS) which you can access by logging into MyUC via the UC homepage: http://www.canberra.edu.au/home/. Your lecturer or tutor may also invite you to provide more detailed feedback on their teaching through an anonymous questionnaire.

8: Authority of this Unit Outline

Any change to the information contained in Section 2 (Academic content), and Section 5 (Assessment) of this document, will only be made by the Unit Convener if the written agreement of Head of Discipline and a majority of students has been obtained; and if written advice of the change is then provided on the unit site in the learning management system. If this is not possible, written advice of the change must be then forwarded to each student enrolled in the unit at their registered term address. Any individual student who believes him/herself to be disadvantaged by a change is encouraged to discuss the matter with the Unit Convener.