

ECON2102 MACROECONOMICS 2  
COURSE OUTLINE

**Lectures:** Copland Theater, Building 25:  
Tuesday, 1600-1700  
Wednesday, 1600-1700  
Thursday, 1600-1700

**Lecture log and notes:** <http://webct.anu.edu.au/>

**Instructor:**

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**Administrative contact:**

Mr. Terry Embling  
Room 1013  
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**Head Tutor:**

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Email: [vipin.arora@anu.edu.au](mailto:vipin.arora@anu.edu.au)

COURSE INFORMATION

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This course introduces the student to methods and issues in contemporary macroeconomics. A good understanding of the various macroeconomic issues and models is vital for any student of economics, business and finance. A central theme is the inter-relationship between empirical macroeconomic outcomes and theoretical constructs for explaining or understanding these outcomes. These models can also be used to understand and re-invent macroeconomic policies. In this course we also aim to bring the themes in undergraduate macroeconomic studies closer to what is taught in graduate courses, and also closer to how macroeconomics is done in the best universities and policy institutions such as the U.S. Federal Reserve, the International Monetary Fund, the European Central Bank, Bank of England, the Reserve Banks of New Zealand and Australia.

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1. LEARNING OUTCOMES

At the end of the course, students are expected to (i) possess a coherent set of ideas for understanding macroeconomic phenomena and policy issues, (ii) appreciate the power and shortcoming of models, (iii) be able to analyze and solve a macroeconomic question independently, and (iv) be intellectually well-equipped for future employment and academic demands.

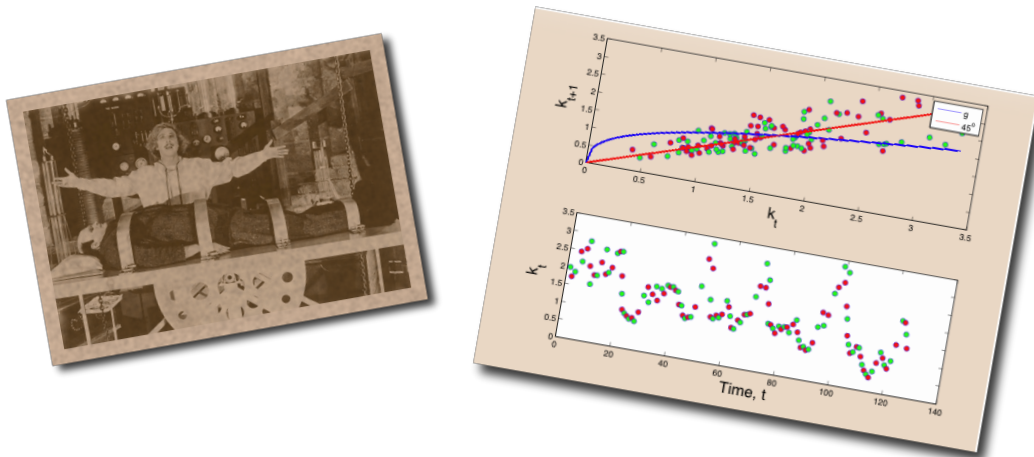
<sup>1</sup>As a matter of courtesy, please do not use the email/phone for instructional purposes. In general I will not be answering email/phone enquiries from students. For course-related administrative queries, contact the administrative staff listed in this outline. For course consultation, go to your tutor's or professor's walk-in office hours which is available each day, Monday through to Friday.

## 2. TEACHING AND LEARNING METHODS

**Contact and preparation time.** This course requires FOUR contact hours per week in the form of THREE fifty-minute lectures and ONE fifty-minute tutorial. It is recommended that you set aside adequate time (on average SIX hours per week) to catch up on readings and preparing tutorial work *before* each week's tutorial session.

**Resources and Responsibilities.** The online (WebCT) lecture log will only contain skeleton summaries of weekly topics and downloadable tutorial problem sets. This course will not provide extensive lecture notes nor tutorial solutions. Students are strongly recommended to attend all classes as most of the exposition of topics and extended examples will be delivered on a live basis (e.g. graphical sketches and formal derivations). It remains the student's responsibility to ensure that they are able to make it to *all* lecture times and their officially assigned tutorial class, or to catch up on classes that they missed.

**Building blocks and collaborative learning.** The course contains a sequence of topics that build on each previous topic. Students are strongly encouraged to keep up with the material each week. Pre-reading is recommended. Post-lecture weekly tutorial work is designed to reinforce the concepts covered in lectures and your reading. You are also advised to form study groups with your classmates – the best way to understand something is when you have to explain it coherently to another friend!



**Dr. Acula's Flexi-iLearn<sup>TM</sup>.** I have also designed some supplementary computer programs (written in MATLAB) for certain topics which you may use in your own study time. We will give you instructions on how to run these software. These programs provide animations and example numerical calculations so that you can experiment with alternative economic/policy scenarios and see the equilibrium outcomes in your model economic environment. The goal of these tools is to help you develop or supplement insights and intuition about the workings of the models we analyze on paper.

### 3. ASSESSMENT

The following components are compulsory and non-redeemable.

- ▶ Tutorial participation: 10%.
- ▶ Mid-semester examination: 30%.
- ▶ End-of-semester examination: 60%.

**Note:** The 10 % tutorial assessment will require your tutor to gauge the level of your participation in class. This implies that you should have prepared your answers to weekly problem sets before class. Sign up for a compulsory tutorial session: <http://eta.fec.anu.edu.au/>.<sup>2</sup>

**FAQ 1:** *What if I fall sick during the week and miss out on my tutorial assessment?* If you are ill on the day of an assessable tutorial, then you must obtain a medical certificate and give it to Terry Embling in Arndt 1013. This must be done as soon as possible following the period of absence covered in the certificate. For the tutorial assessments and especially for the final exams, a medical certificate does not automatically guarantee that a special examination will be granted. Due to past abuse, the medical certificate is only one of many factors which are taken into account when requests for special examination are considered.

**FAQ 2:** *What if I fail the overall course?* The university document which details the rules governing supplementary assessment can be found at <http://www.anu.edu.au/cabs/rules/ExamsRules.pdf>. The examiners of this course will provide a supplementary examination if the student receives a course result of 45-49. All other marks strictly below 45 will not be eligible.

**FAQ 3:** *What if I can't make it to the mid-semester exam?* We do not entertain excuses *such as* conflicts with vacation plans, outside work commitments, or sporting engagements. If you did not sit the mid-semester exam due to illness, then subject to evidence of such in the form of a valid medical certificate, your final exam mark will count for 90% of the course assessment. Read the College and University rules on: [http://cbe.anu.edu.au/Current\\_Students/general\\_info/specexam.asp](http://cbe.anu.edu.au/Current_Students/general_info/specexam.asp).

### 4. GENERAL INFORMATION AND CODES OF CONDUCT

Misconduct in the preparation and submission of written work and/or examinations for assessment will have serious consequences for a student. Consequences include failure of the course, receipt of a mark penalty or in some circumstances disciplinary proceedings and exclusion. For more information please refer to the following URL and its additional links: [http://cbe.anu.edu.au/schools/eco/General\\_information.html](http://cbe.anu.edu.au/schools/eco/General_information.html)

### 5. TEXTBOOK

Stephen D. Williamson (2008). *Macroeconomics*, third edition. Pearson Addison Wesley Publishers.

<sup>2</sup>Tutorial enrolment will be organized by the Electronic Teaching Administrator (ETA). The ETA will close by the end of Week 2 of the semester. After that period, tutorial changes will only be considered under exceptional circumstances and must be approved by Terry Embling, the course administrator. Students must attend the tutorial section that they are enrolled in.

## 6. TOPICS

This list is subject to ongoing change. For updates, please refer to the course lecture log on WebCT.

- ▶ Introduction and Measurement (Chapters 1-3)
- ▶ A static microeconomic-founded model (Chapter 4-5)
- ▶ Growth: the long term prospects of nations (Chapter 6-7)
- ▶ Intertemporal choice: foundations of finance and macroeconomics (Chapter 8-9)
- ▶ Money, financial markets and business cycles (Chapters 10-12)
- ▶ The open economy dimension: international trade flows and financial issues (Chapters 13-14)
- ▶ Unemployment: search theory and labor market frictions (Chapter 16)
- ▶ Theory of monetary policy and policy games (Chapter 17)