



Macroeconomics

ECON202

Semester 2, 2022

Lecturers

- Mr. Terry Kerr [Weeks 1-3]

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Office hours: tba

- Dr. Dennis Wesselbaum [Convenor, weeks 4-13]

Room: 622, 6th Floor, Otago Business School

Email: Dennis.Wesselbaum@otago.ac.nz

Office hours: By appointment only.

Prerequisites

(BSNS 104 or BSNS 113) and ECON 112

Lecture and Tutorial Information

Lectures

- Tuesday 2:00-2:50pm
- Wednesday 2:00-2:50pm
- Thursday 2:00-2:50pm

Tutorials

- One per week (starting week 2)

If you want to change tutorials, please see Terry Kerr. Notice that permission to change your tutorial will only be granted in **exceptional circumstances**.

Overview

In the last decade, there has been renewed interest in macroeconomics. The subprime mortgage crisis in the United States and the global recession that followed have put macroeconomic questions and policies at the forefront of the public debate. This trend will only be enforced by the COVID-19 induced global recession.

While macroeconomic theories have changed substantially over the years, the models currently used by academic economists (and by policy-makers in central banks and treasuries) are rooted in theory developed in the first half of the 20th century by economists such as Keynes, Friedman, and Solow. In this paper, we will provide a flavour of how these models work without going into too much mathematical detail, ensuring that you will be familiar with the key ideas in modern macroeconomics even if you choose not to study macroeconomics at a higher level.

Some of the policy questions we will address are:

How can the government and the Reserve Bank influence the economy through monetary and fiscal policy?

Why are some countries richer than others?

What happened in the Global Financial Crisis?

Support, Interaction, and Expectations

The material builds up gradually during the semester in this class. Each week builds on the material in previous weeks. Therefore, we expect you to keep up to date with the material. If you fall behind then it will be very difficult to catch up.

We are happy to discuss any questions or concerns you may have about any aspect of the course at any time during the semester, at the end of the lecture, or during office hours. However, please consult your tutor first. We encourage students to work with each other during the semester.

Lecture recordings will be made available (via Echo360).

We expect professional behaviour of students. This involves, for example, being on time **and to independently inform yourself about rules and regulations, the details about this paper, especially its assessments, as well as the location of materials and assignments on Blackboard – as these may vary over lecturers. There will not be reminders about dates or deadlines.**

Further, students are expected to **comply with all University rules and regulations.**

Grading

There will be **four** tests after each three-week block. Each test weights **25%** towards the total. Plussage does **not** apply. Tests will be open-book and open-note (run via Blackboard). There is **no** final exam.

- Four tests:
 - Lecture Week 5, Wednesday 0600pm NZST
 - Lecture Week 8, Wednesday 0600pm NZST
 - Lecture Week 11, Wednesday 0600pm NZST
 - Lecture Week 13, Wednesday 0600pm NZST

Schedule

<i>Week</i>	<i>Topic</i>
1	Introduction and Time Series (Ch. 1 and 2)
2	Long-run Growth 1 (Ch. 3 and 4)
3	Long-run Growth 2 (Ch. 3 and 4)
4	The Goods Market and Money Market (Ch. 11)
5	The IS-LM Model (Ch. 11)
6	The Labor Market (Ch. 7)
7	The AS-AD Model (Ch. 5) - Midterm Break -
8	Small Open Economy (Ch. 13)
9	Large Open Economy (Ch. 13)
10	Consumption and Savings (Ch. 14)
11	Investment (Ch. 15)
12	The GFC and Macroeconomics of Pandemics (Ch. 13)
13	Review

Readings

Textbook

The essential text is R. Dornbusch, S. Fischer, and R. Startz (2014) *Macroeconomics*, 12th Edition, McGraw Hill. The text is available at the University Book Shop and will be put on Reserve at the Central Library. Previous editions are also fine to use, but please be aware that chapter and page numbers will vary across editions. Please also check Blackboard for additional readings.

Lecture Slides

PDF versions of the lecture slides will be made available via Blackboard. These outlines contain the majority of the lecture material, but will be expanded on during lectures. You may wish to print off a copy of these notes and bring them to lectures as these will not be distributed other than via Blackboard.

Review Questions

Tutorial exercises will also include some review questions for each topic to enhance your understanding of the course material and form the basis for exam preparation.

Blackboard

Information and material (e.g. lecture slides, problem sets, ...) relating to this course will be posted on Blackboard under Econ202. Please check Blackboard frequently. Note that some material and information will be provided during lectures only.

Policies

Academic Integrity

Academic integrity means being honest in your studying and assessments. Students are expected to be aware of, and act in accordance with, the University's Academic Integrity Policy. Academic Misconduct, such as plagiarism or cheating, is a breach of Academic Integrity and is taken very seriously by the University. Types of misconduct include plagiarism, copying, unauthorised collaboration, taking unauthorised material into a test or exam, impersonation, and assisting someone else's misconduct. It is your responsibility to be aware of and use acceptable academic practices when completing your assessments. To access the information in the Academic Integrity Policy and learn more, please visit the University's Academic Integrity website at www.otago.ac.nz/study/academicintegrity or ask at the Student Learning Centre.

Test Absence

Students who miss a test for university-approved reasons can have the corresponding weight transferred to their final test. Supporting documentation must be provided. In any other circumstances, students who miss a test will receive a score of zero. No make-up test will be provided.

Workload

An 18-point paper corresponds approximately to an average workload of 12 hours per week (including contact hours), or roughly 180 hours in total over a 15-week period (including the end-of-semester exam period). A minimum weekly workload estimate for this course: 3 hours in lectures, 1 hour in tutorials, and 4 hours in independent study.

Learning Outcomes

After completing the course, the successful student will be able to:

Topic-specific Objectives

- Understand the principles behind models of growth, inflation and business cycles, and use these models to analyse the state of the economy
- Describe the impact of fiscal/monetary policies on the state of the economy
- Use macroeconomic theories to explain the factors driving aggregate levels of employment and unemployment

Discipline-specific Objectives

- Develop skills that facilitate continued success in the economics major/minor
- Use economic vocabulary and concepts appropriately
- Use formal economic models to support arguments and make predictions
- Exhibit basic knowledge about current controversies in macroeconomics and how macroeconomic data can be used to address these controversies