

School of Economics and Finance

## **ECON212 MACROECONOMICS: GROWTH, STABILITY AND CRISES**

Trimester One 2012

### **COURSE OUTLINE**

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#### **Names and Contact Details**

Course Coordinator	Jerry Mushin	RH211	Extn 5884
Administrator	Alice Fong	RH318	Extn 5353

#### **Trimester Dates**

Teaching Period	Monday 5 March to Friday 8 June 2012
Study Period	Monday 11 June to Thursday 14 June 2012
Examination Period	Friday 15 June to Wednesday 4 July 2012 (inclusive)

#### **Withdrawal from Course**

1. Your fees will be refunded if you withdraw from this course on or before Friday 16 March 2012.
2. The standard last date for withdrawal from this course is Friday 18 May 2012. After this date, students forced to withdraw by circumstances beyond their control must apply for permission on an *Application for Associate Dean's Permission to Withdraw Late* including supporting documentation. The application form is available from either of the Faculty's Student Customer Service Desks.

#### **Class Times and Room Numbers**

Lectures            Monday, Wednesday            3.40pm            RH LT2

Tutorials            There are eight weeks in which students are expected to attend one tutorial, beginning in the third week of the course. Tutorials will be in weeks 3, 4, 5, 6, 9, 10, 11, and 12. The procedure for allocation to tutorial groups is explained on the ECON212 page of Blackboard. The allocation to tutorial groups will be placed on Blackboard. Tutorial questions will be available on Blackboard.

## Course Content

1	5 March	Macroeconomic measures	Chapters 1, 2
2	7 March		
3	12 March	Economic Growth	Chapters 10, 11, 12
4	14 March		
5	19 March		
6	21 March	Exchange rates	Mushin (2002)
7	26 March		
8	28 March	Exchange rate systems	Chapters 18 (not UIP), 20.5, 21.2, 21.4, 22, 23
9	2 April		
10	4 April		
11	23 April	Money and the banking system	Chapter 4
12	25 April		
13	30 April		
14	2 May	TEST	
15	7 May	Expectations	Chapters 14.1, 14.4, 15 (excl <i>IS-LM</i> ), 16
16	9 May		
17	14 May		
18	16 May	Snake, EMS, and euro	Stiglitz (2000), Molle (2006), Mushin (2012)
19	21 May	EMU	Mulhearn and Vane (2008)
20	23 May	Great depression (USA)	Parker (2002)
21	28 May	Global Financial Crisis	Stiglitz (2000), FSA (2009), Bollard and Gaitanos (2010)
22	30 May		
23	4 June	Asian miracle and 1997 crisis	Stiglitz (1996)
24	6 June	African stagnation	Collier and Gunning (1999)

Chapter numbers refer to Olivier Blanchard, *Macroeconomics* [5th ed], Pearson Prentice Hall, 2009.

## Course Learning Objectives

By the end of this course, students should be able to:

- understand the nature of dynamic macroeconomic processes
- apply dynamic macroeconomic theory to current and recent crises
- understand theories of economic growth
- understand theories of the business cycle
- understand the international transmission of growth and crises
- analyse significant economic crises in the 20th and 21st centuries, including the Great Depression (1930s) and the Asian Financial Crisis (1997)
- analyse significant transnational developments in the 20th and 21st centuries including the Asian economic miracle and the development of the euro

## Course Delivery

Tutorial questions will be available on Blackboard. Students must attempt these questions, in writing, before attending each tutorial, and must be willing to discuss the answers.

## Expected Workload

In addition to attending two lectures per week and eight tutorials, ECON212 students are expected to write two essays, to read the recommended material, to prepare for tutorial discussions, and to prepare for the test and the examination. The minimum number of hours of study per week, during the fourteen-week course, in addition to attendance at lectures and tutorials, that is necessary will depend on the abilities and study skills of each student, but is unlikely to be less than ten.

## Readings

The textbook for the theoretical part of the course, which students are expected to buy, is Olivier Blanchard, *Macroeconomics* [5th ed], Pearson Prentice Hall, New York, 2009. Earlier editions are acceptable. The same textbook will be used for the ECON202 course. Additional readings are:

- \* Moses Abramovitz, "Catching Up, Forging Ahead, and Falling Behind", *Journal of Economic History*, Vol 46, No 2, 1986.
  - \* Ben Bernanke, "The World on a Cross of Gold", *Journal of Monetary Economics*, Vol 31, 1993.
  - \*\* Alan Bollard and Sarah Gaitanos, *Crisis: One Central Bank Governor and the Global Financial Collapse*, Auckland University Press, 2010.
  - \* Paul Collier and Jan Willem Gunning, "Why has Africa Grown Slowly?", *Journal of Economic Perspectives*, Vol 13, No 3, 1999.
  - \* Paul David, "The Dynamo and the Computer: An Historical Perspective on the Modern Productivity Paradox", *American Economic Review*, Vol 80, No 2, 1990.
  - \*\* Elhanan Helpman, *The Mystery of Economic Growth*, Harvard University Press, Cambridge MA, 2004.
  - \*\*\* Willem Molle, *The Economics of European Integration: Theory, Practice, Policy*, Ashgate Publications, Aldershot, 2006, p183-205.
  - \*\* Christopher Mulhearn and Howard Vane, *The Euro: Its Origins, Development and Prospects*, Edward Elgar Publishing, Cheltenham, 2008.
  - \*\*\* Jerry Mushin, *Output and the Role of Money*, World Scientific Publishing Company, New York, London, and Singapore, 2002, p151-173.
- Jerry Mushin, "The Euro and its Antecedents", in Robert Whaples (ed), *Encyclopedia of Economic and Business History*, Miami University, 2012.  
**[www.eh.net/encyclopedia/article/mushin.euro](http://www.eh.net/encyclopedia/article/mushin.euro)**
- \* William Nordhaus, "Two Centuries of Productivity Growth in Computing", *Journal of Economic History*, Vol 67, No 1, 2007.
  - \*\*\* Randall Parker, *Reflections on the Great Depression*, Edward Elgar Publishing, Cheltenham, 2002, p1-24.
  - \* Joseph Stiglitz, "Some Lessons from the East Asian Miracle", *World Bank Research Observer*, Vol 11, No 2, 1996.
  - \* Joseph Stiglitz, "Capital Market Liberalization, Economic Growth, and Instability", *World Development*, Vol 28, No 6, 2000.
  - \* *The Turner Review: A Regulatory Response to the Global Financial Crisis*, Financial Services Authority, London, 2009, p11-49.

\* On the ECON212 page of Blackboard.

\*\* In the Closed Reserve, Victoria University Library.

## **Materials and Equipment**

Non-programmable calculators are permitted in the test and in the examination.

## **Assessment Requirements**

The assessment for ECON212 will be:

Exam [3 hours]	70%	or	100%	(if this leads to a higher grade)
Test [50 minutes]	15%			
Essay 1	7.5%			
Essay 2	7.5%			

The test will be on Wednesday 2 May. The first essay is due on Wednesday 2 May at 5.00pm. The second essay is due on Wednesday 30 May at 5.00pm. The target length of each essay is 1500 words.

The examination mark will have a weight of 100% if this leads to a higher grade. The requirements for a pass are a minimum examination mark of 40% and a minimum weighted mark of 50%.

All of the course learning objectives are addressed in each assessment item.

## **Quality Assurance Note**

Your assessed work may also be used for quality assurance purposes, such as to assess the level of achievement of learning objectives as required for accreditation and audit purposes. The findings may be used to inform changes aimed at improving the quality of Faculty of Commerce and Administration programmes. All material used for such processes will be treated as confidential, and the outcome will not affect your grade for the course.

## **Examinations**

Students who enrol in courses with examinations are obliged to attend an examination at the University at any time during the formal examination period. The final examination for this course will be scheduled at some time during the period from Friday 15 June to Wednesday 4 July 2012 (inclusive).

## **Penalties**

Essays that are submitted late will be awarded a zero mark unless the course co-ordinator has approved an extension in advance. Extensions are granted if there is a problem that is severe, unpredictable, and unavoidable, and for which evidence is available. Claims of illness and injury must be supported by a medical certificate.

## **Mandatory Course Requirements**

Apart from the requirement to achieve a weighted mark of 50% and a minimum exam mark of 40%, or an examination mark of 50%, there are no mandatory requirements for this course.

## **Class Representative**

A class representative will be elected in the first class, and that person's name and contact details made available to VUWSA, the Course Coordinator and the class. The class representative provides a communication channel to liaise with the Course Coordinator on behalf of students.

## **Communication of Additional Information**

Additional information will be placed on Blackboard.

### **Academic Integrity and Plagiarism**

<http://www.victoria.ac.nz/home/study/plagiarism.aspx>

### **General University Policies and Statutes**

Find key dates, explanations of grades and other useful information at [www.victoria.ac.nz/home/study](http://www.victoria.ac.nz/home/study)

Find out about academic progress and restricted enrolment at

<http://www.victoria.ac.nz/home/study/academic-progress.aspx>

The University's statutes and policies are available at [www.victoria.ac.nz/home/about/policy](http://www.victoria.ac.nz/home/about/policy), except qualification statutes, which are available via the Calendar webpage at

<http://www.victoria.ac.nz/home/study/calendar.aspx> (See Section C).

Further information about the University's academic processes can be found on the website of the Assistant Vice-Chancellor (Academic) at

[www.victoria.ac.nz/home/about\\_victoria/avcacademic/default.aspx](http://www.victoria.ac.nz/home/about_victoria/avcacademic/default.aspx)

### **AVC (Academic) Website: information including: Conduct, Academic Grievances, Students with Impairments, Student Support**

[http://www.victoria.ac.nz/home/about\\_victoria/avcacademic/Publications.aspx](http://www.victoria.ac.nz/home/about_victoria/avcacademic/Publications.aspx)

### **Faculty of Commerce and Administration Offices**

<http://www.victoria.ac.nz/fca/studenthelp/>

### **Te Putahi Atawhai**

#### **Maori and Pacific Mentoring Programme**

<http://www.victoria.ac.nz/tpa/>