

School of Economics and Finance

ECON402 ADVANCED MACROECONOMIC THEORY A

Trimester 1, 2013

COURSE OUTLINE

Names and Contact Details

Course coordinator and Lecturer:

Dr. Chia-Ying Chang

Room 308, Rutherford House, Pipitea campus, Wellington

Tel: (04)463-6146

E-mail: Chia-Ying.Chang@vuw.ac.nz

Office hours: Wednesdays 2:30-3:30pm & by appointment.

Guest Lecturer (weeks 9-10):

Dr. John McDermott

E-mail: John.McDermott@rbnz.govt.nz

Administrator:

Bonnie Riley

Room 321, Rutherford House, Pipitea campus, Wellington

Phone: (04) 463-5380

E-mail: Bonnie.Riley@vuw.ac.nz

Office hours: M-F 9am-midday and 1-4pm

Trimester Dates

Teaching Period: Monday 4 March – Friday 7 June

Study Period: Monday 10 June – Thursday 13 June

Examination Period: Friday 14 June – Wednesday 3 July (inclusive)

Withdrawal from Course

1. Your fees will be refunded if you withdraw from this course on or before Friday 15 March 2013.
2. The standard last date for withdrawal from this course is Friday 17 May 2013. 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

Lecture time: Wednesdays 11:30-13:20, RWW125

Prerequisite: ECON 305, QUAN 203

Co-Requisite: ECON 403

Course Delivery

There will be 12 lectures in total for the whole trimester. Each lecture takes two hours per week. Students are expected to attend every lecture, and read the articles before and after the lectures.

Expected Workload

Class attendance: 2 hours/week

Reading and Reviewing: 7 hours/week

Assignments: 1 hour/week on average

Course Learning Objectives

The learning objectives of ECON 402 are:

1. To provide students with a comprehensive knowledge of modern open economy macroeconomic theory.
2. To develop knowledge in New Classical Macroeconomics.
3. To formulate and solve macroeconomic problems analytically.
4. To generate a general appreciation of how policymakers can use the analysis in practice.

Course Content

Week(s)	Date(s)	Topic(s) to be taught
1	March 6	Introduction (0.5 lecture) Infinite horizon vs. overlapping generations models (0.5 lecture)
2-3	March 13-20	Consumption (1.5 lectures)
3-4	March 20-27	Investment (1.5 lectures)
6	April 10	Government spending/Fiscal policies (1 lecture)
7-8	April 17, May 1	Economic Growth (1.5 lecture)
8-9	May 1, 8	Unemployment/Labour Market (1.5 lectures)
10-11	May 15, 22	Monetary Policies (2 lectures)—by Dr. John McDermott
12-13	May 29, June 5	Financial/credit markets (2 lectures)

Readings

The following books and journal articles will be used in several sections of the course during trimester one. The detailed reading list will be distributed in the first lecture and posted on Blackboard.

- Aghion, Phillip, and S. Durlauf, *Handbook of Economic Growth*, ed., Amsterdam : Elsevier, 2005.
- Friedman, Benhamin M., and Frank H. Hahn, *Handbook of Monetary Economics*, ed. Amsterdam; New York : North-Holland, 1990.
- McCallum, Bennett T, *Monetary Economics: Theory and Policy*, New York, Macmillan, 1989, Pp 356 + xii.
- Obstfeld and Rogoff, *Foundations of International Macroeconomics*, MIT Press, 1996.
- Taylor, John, and Michael Woodford, *Handbook of Macroeconomics*, ed. Amsterdam ; Oxford : Elsevier, 1999.
- Walsh, Carl E, *Monetary Theory and Policy*, 2nd Edition, Cambridge, MIT Press, 2003.

- Woodford, Michael, “The Return of Monetary Rules”, Chapter 1, *Interest and Prices*, Princeton, Princeton University Press, 2003.

Journal Articles: (all available on line via VUW library website)

- American Economic Review
- Econometrica
- Journal of Economic Education
- Journal of Economic Literature
- Journal of Economic Perspectives
- Journal of Monetary Economics,
- Scandinavian Journal of Economics,

Assessment

Students are expected to read the relevant literature before each lecture and to take part in class discussion.

15% assigned research reports, due at **5pm on Tuesday 7 May** (via email to Chia-Ying).

15% assignment one, due at **11:30am on Wednesday 15 May** (Mezzanine floor, box #87).

10% assignment two (by John McDermott), due at **11:30am on Wednesday 29 May** in class.

60% final examination in the examination period (two hours).

Penalties

Any late assignment will be awarded a grade of zero (unless a **VALID** medical certificate issued by licensed medical centre is presented or a valid form of proof that an extension is warranted).

Use of Turnitin

Student work provided for assessment in this course may be checked for academic integrity by the electronic search engine <http://www.turnitin.com>. Turnitin is an on-line plagiarism prevention tool which compares submitted work with a very large database of existing material. At the discretion of the Head of School, handwritten work may be copy-typed by the School and submitted to Turnitin. A copy of submitted materials will be retained on behalf of the University for detection of future plagiarism, but access to the full text of submissions will not be made available to any other party.

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 following period:

14 June – 3 July 2013.

Mandatory Course Requirements

In addition to obtaining an overall course mark of 50 or better, students must submit **TWO** reports and **ONE** assignment **ON TIME**.

Class Representative

A class representative will be elected for the entire class of Honours, 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 or information on changes will be conveyed to students in class or via Blackboard.

Link to general information

For general information about course-related matters, go to

<http://www.victoria.ac.nz/vbs/studenthelp/general-course-information>

Note to Students

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 academic audit. The findings may be used to inform changes aimed at improving the quality of VBS programmes. All material used for such processes will be treated as confidential, and the outcome will not affect your grade for the course.
