

School of Economics and Finance

ECON212 MACROECONOMICS: GROWTH, STABILITY AND CRISES

Trimester One, 2014

COURSE OUTLINE

Names and Contact Details

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

Trimester Dates

Teaching Period	Monday 3 March to Friday 6 June 2014
Study Period	Monday 9 June to Thursday 12 June 2014
Examination Period	Friday 13 June to Wednesday 2 July 2014 (inclusive)

Withdrawal from Course

1. Your fees will be refunded if you withdraw from this course on or before Friday 14 March 2014.
2. The standard last date for withdrawal from this course is Friday 16 May 2014. 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 Tuesday, Thursday 3.40pm GB LT1

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	4 March	Macroeconomic measures	Chapters 1, 2, Dalziel and Lattimore (2004)
2	6 March		
3	11 March	Economic growth	Chapters 10, 11, 12, Abramovitz (1986)
4	13 March		
5	18 March		
6	20 March	Exchange rates	Mushin (2002)
7	25 March		
8	27 March	Exchange rate systems	Chapters 18 (not UIP), 20.5, 21.2, 21.4
9	1 April		
10	3 April		
11	8 April	Money and the banking system	Chapter 4
12	10 April		
13	15 April		
14	17 April	TEST	
15	6 May	Expectations	Chapters 14.1, 14.4, 15 (excl <i>IS-LM</i>), 16, Brooks and Evans (1978)
16	8 May		
17	13 May		
18	15 May	Snake, EMS, and euro	Molle (2006), Mushin (2014)
19	20 May	EMU	Mulhearn and Vane (2008), Grimes, Holmes, and Bowden (2000)
20	22 May	Great depression	Parker (2002), Bernanke (1993)
21	27 May	Global financial crisis	Stiglitz (2000), FSA (2009), Bollard and Gaitanos (2010), Pol (2012)
22	29 May		
23	3 June		
24	5 June	Asian miracle and 1997 crisis	Stiglitz (1996)

Chapter numbers refer to Olivier Blanchard and David Johnson, *Macroeconomics* [6th ed], Pearson Education, 2013. Earlier editions are acceptable.

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.

Prescription

An introduction to dynamic macroeconomic processes and recurrent problems, including the recent global instability. Themes covered include the theory of economic growth,

productivity, business cycle theory and the causes of banking crises, exchange rates and the international transmission of these processes.

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

Readings

The textbook for the theoretical part of the course, which students are expected to buy, is Olivier Blanchard and David Johnson, *Macroeconomics* [6th ed], Pearson Education, 2013. 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, 2012.
 - * John Brooks and Robert Evans, *Macroeconomic Policy in Theory and Practice*, Allen and Unwin Ltd, London, 1978, p58-67.
 - * Paul Dalziel and Ralph Lattimore, *The New Zealand Macroeconomy* [5th ed], Oxford University Press, 2004, p1-24.
 - ** Arthur Grimes, Frank Holmes, and Roger Bowden, *An ANZAC dollar?: Currency Union and Business Development*, Institute of Policy Studies, Victoria University of Wellington, 2000.
 - * ** 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, 2014.
www.eh.net then **encyclopedia** then **authors**
- * ** Randall Parker, *Reflections on the Great Depression*, Edward Elgar Publishing, Cheltenham, 2002, p1-24.
 - * Eduardo Pol, “The Preponderant Causes of the USA Banking Crisis 2007–08”, *The Journal of Socio-Economics*, Vol 41, No 5, October 2012.

- * 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 Course Reserve, Victoria University Library.

Materials and Equipment

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

Assessment Requirements

From 2014, a revised Assessment Handbook will apply to all VUW courses. See www.victoria.ac.nz/documents/policy/staff-policy/assessment-handbook.pdf . In particular, there will be a new grade scheme, in which the A+ range will be 90-100% and 50-54% will be a C- .

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 Thursday 17 April at 3.40pm.

The first essay is due on Thursday 17 April at 5.00pm. The second essay is due on Tuesday 27 May at 5.00pm. The target length of each essay is 1500 words. Essays must be placed in **Box 76** on the Mezzanine floor of Rutherford House.

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.

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 13 June to Wednesday 2 July 2014 (inclusive).

Penalties

Essays that are submitted late will be awarded a zero mark unless the course co-ordinator has approved an extension in advance. Requests must be in writing. 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.

If you cannot complete an assignment or sit a test or examination, refer to www.victoria.ac.nz/home/study/exams-and-assessments/aegrotat

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.

Student feedback

Student feedback on University courses may be found at www.cad.vuw.ac.nz/feedback/feedback_display.php

Link to general information

For general information about course-related matters, go to 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 Victoria Business School programmes. All material used for such processes will be treated as confidential, and the outcome will not affect your grade for the course.
