

School of Economics and Finance

ECON402 ADVANCED MACROECONOMIC THEORY A

Trimester 1, 2014

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: Tuesdays 3:40-5pm and by appointment.

Guest Lecturer (weeks 5-6):

Dr. John McDermott

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

Administrator:

Julie-Mary Boles de Boer

Room 321, Rutherford House, Pipitea campus, Wellington

Phone: (04) 463 6386

E-mail: Julie-Mary.BolesdeBoer@vuw.ac.nz

Office hours: Monday to Friday 9am-midday and 1-4pm

Trimester Dates

Teaching Period: Monday 3rd March – Friday 6th June

Study Period: Monday 9th June – Thursday 12th June

Examination Period: Friday 13th June – Wednesday 2nd July (inclusive)

Withdrawal from Course

1. Your fees will be refunded if you withdraw from this course on or before Friday 14th March 2014.
2. The standard last date for withdrawal from this course is Friday 16th May. 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: Fridays 10:30-12:30, RWW128

Prerequisite: ECON 305, QUAN 203

Course Delivery

There will be 11 lectures in total (No lecture on April 18th, Good Friday) 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

Prescription

A review of the major modern approaches to modern macroeconomic theory and open economy macroeconomic macromodelling. The course covers major basic sectoral theories from an essentially New Classical macroeconomic perspective.

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 7	Introduction (0.5 lecture) Macroeconomic Models (0.5 lecture)
2	March 14	Economic Growth (1 lecture)
3-4	March 21, 28	Consumption (1.5 lectures)
4-5	March 28, April 4	Investment (1.5 lectures)
6	April 11	Government spending and Macroeconomic Outcome (1 lecture)
7	April 18	No Lecture. Good Friday
8	May 9	Fiscal Policies (1 lecture)
9-10	May 16, 23	Unemployment/Labour Market (2 lectures)
11-12	May 30, June 6	Monetary Policies (2 lectures)—by Dr. John McDermott

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.
- Gali, Jordi, *Monetary Policy, Inflation, and the Business Cycle: An Introduction to the New Keynesian Framework*, Princeton University Press, 2008. Chapters 3, 4, and 5.

- 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.
- Romer, David, *Advanced Macroeconomics*, 3rd edition, McGraw-Hill, Irwin, 2005.
- 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

From Trimester 1, 2014, a revised Assessment Handbook will apply to all VUW courses: see <http://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-.

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 Thursday 8 May** (via email to Chia-Ying).

15% assignment one, due at **10:30am on Friday 16 May** (in class).

15% assignment two (by John McDermott), due at **5pm on Wednesday 11 June** at SEF Reception desk (to Julie-Mary Boles de Boer or Ingrid Watts), Level 3, Rutherford House.

55% 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:

Friday 13th June – Wednesday 2nd July (inclusive)

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.

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 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.

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

<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.
