ECON 90032
MACROECONOMICS FOR MANAGERS
SUBJECT GUIDE

Semester 1, 2015
LECTURER CONTACT DETAILS:

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University of Melbourne
Email: jonathan.thong@unimelb.edu.au

LECTURES AND TUTORIALS

Lecture: Monday, 12.00 pm – 2:00 pm, Alan Gilbert Theatre 2, Alan Gilbert Building (Building 104)

Tutorials: Monday, 6:15pm – 7:15pm, Room 2019, The Spot

Tuesday, 4.15 pm – 5.15pm, Room 2020, The Spot

REQUIRED TEXT


ASSESSMENT

Weekly Macroeconomic News Project – 30%

Final Exam – 70%

TOPIC OUTLINE

Week 1 – Introduction & Measuring the Economy
Week 2 – Production & Labour
Week 3 – Consumption, Saving & Investment
Week 4 – The IS Curve
Week 5 – Money & Monetary Policy
Week 6 – EASTER BREAK
Week 7 – Money & Monetary Policy – The LM Curve
Week 8 – Equilibrium
Week 9 – Long Run Economic Growth
Week 10 – The Keynesian Approach
Week 11 – Fiscal Policy
Week 12 – A Simple Model of an Open Economy
Week 13 – Review
WEEKLY MACRO NEWS PROJECT

The Federal Reserve lowers interest rates, a housing bubble bursts in China, a coup occurs in Egypt, commodity prices spike at an all-time high. All these events, occurring thousands of miles apart will have an impact on almost every single economy in the world. The world that we live in has become hyper-connected through technological progress, financial market integration, globalisation in trade and production as well as economic co-operation between nations.

A central, fundamental objective of this course is to develop macroeconomic literacy, the ability to read and interpret the multitude of macroeconomic signals and shocks that occur every day. The role of an economist (or an analyst with economic training) in a contemporary managerial context involves making connections, conveying ideas and constructing relevant narratives of the events that happen around the world.

With this in mind, the class will be divided up into 5 groups or “desks”, each representing a major economic region. This semester, they will be:

- North America
- South America
- Central Asia
- South East Asia
- Europe

Each week, a member from each desk (the presenter) will search for and select a news article about an economic event or phenomenon originating from their economic region. This news article must be posted on the course LMS blog two days before each weekly lecture so that everybody in the class will have an opportunity to read it.

During the lecture a presenter from each desk will have 3 minutes to do the following:

1. Concisely summarize the news article. (What has happened?)
2. Explain why this news is interesting to them. (What does this news mean to me? Why do I find it interesting?)
3. Explain why this news is economically significant. (Why is this economically important?)

After a presentation has been made, a member from the remaining desks (the analysts) will each take a turn to evaluate and critique the presentation. To do so they must articulate the following:

1. Comment on their understanding of the presentation. (What don’t I understand? What would I like to know more of?)
2. Make a supposition about how the news could be relevant to their own economic region of interest. (Is there a connection? Why? Why not?)
3. Identify any connections to the theory discussed in previous classes (How does this connect with the theory?)

The remaining members of each bureau will act as scribes, mapping out the critical evaluations.
Selecting an Appropriate Article

All major news sources as well as periodicals in business and finance may be considered when searching for an article of interest. Major papers and periodicals include:

- The New York Times
- The Wall Street Journal
- Financial Times
- Australian Financial Review
- The Economist
- Business Review Weekly

These can be searched and accessed via the university library site at the following link:

http://www.unimelb.libguides.com/economics

The appropriate databases will be located under the news tab

Another rich source of interesting writing about contemporary economics and finance are blogs. Here is a list of popular and interesting blogs:

- Planet Money - http://www.npr.org/blogs/money/
- The Equitablog - http://equitablegrowth.org/blog
- FT Alphaville - http://ftalphaville.ft.com/

After finding an article of interest, the student is responsible for replicating the article on the subject LMS page. A blog has been set up so that the article may be viewed by all members of the class. The purpose of this activity is to help develop students’ digital literacy and to familiarise students with the process of online research and blogging.
**Presenter Guidelines**

The role of the presenter is to provide an executive summary of a news event or blog article that they find interesting. Limited to 3 minutes, the executive summary should ideally comprise of the following:

1. A statement of the topic and the source
2. A clear summary of the key points of the article
3. An explanation as to why the article is interesting from a personal standpoint
4. A brief discussion about the economic significance of the article

Presenters are encouraged to create a single PowerPoint slide to help organize and convey their presentation.

The purpose of this activity is twofold. The first is to familiarise students with major economics-related news sources and analyses and to inculcate a habit of staying up to date with contemporary economic events. The second primary purpose of this activity is to help develop the ability of students to concisely summarise and express complex ideas and thought processes. In devising and delivering these executive summaries students will have the opportunity to explore economics according to their own tastes and interests and to reflect upon what drives their connection to the subject matter.

**Analyst Guidelines**

The role of the analyst is to critically evaluate the information that the presenter is conveying. Limited to 2 minutes, the critique of the analyst should ideally comprise of the following:

1. A statement evaluating the efficacy of the presentation
2. A supposition about why the news is relevant to their own economic region of interest.
3. If possible, analysts are also encouraged to try to articulate any connections that they perceive between the events discussed and the topics studied.

Each desk will be responsible for learning about the general characteristics of the economies in their geographic region of interest. A great starting point for this task is The World Factbook, published by the Central Intelligence Agency of the United States of America. The factbook can be accessed at:


The Australian Department of Foreign Affairs and Trade also publishes an extremely useful set of country fact sheets:

http://www.dfat.gov.au/geo/fs/

For more statistics, the OECD publishes Country Statistical Profiles at

http://www.oecd-ilibrary.org/economics/country-statistical-profiles-key-tables-from-oecd_20752288

The task of the analyst is to use their understanding of their ‘local’ country characteristics to conceive of connections and linkages between the presented information and their region of interest.

**Narrator Guidelines**
The remaining members (the narrators) of the presenting desk will be responsible for transcribing the discussions between the presenter and the analysts, effectively creating a concept map of the conversations taking place. The following template will be provided in class:

The role of the narrators is to record a semi-visual narrative of the discussions that take place. The purpose of this activity is to reinforce the conceptual linkages that are drawn by the analysts as well as to provide a record that can be viewed and referred to by the remaining members of the class.
Assessment

Presenters will be evaluated according to the following schema:

<table>
<thead>
<tr>
<th></th>
<th>Poor – 1 Point</th>
<th>Fair – 2 Points</th>
<th>Good – 3 Points</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Presentation</strong> (Communication)</td>
<td>The oral presentation was inarticulate and difficult to follow. Poor delivery and timing of information. Did not seem to know the material. Poor discussion of questions. Pitch of ideas was not enthusiastic or persuasive.</td>
<td>The oral presentation was choppy, difficult to follow. The presenter had a general grasp of information. Too much reading. Needs more interaction and discussion of questions. Pitch of ideas had little enthusiasm.</td>
<td>The oral presentation was smooth and seamless. The presenter appeared calm and in command of the information. Exceptional delivery. Exceptional discussion initiated and maintained to facilitate learning. Pitch of ideas was enthusiastic and persuasive.</td>
</tr>
<tr>
<td><strong>Content</strong> (Application and Creativity)</td>
<td>Weak conclusions. Presentation needs to be more logical and organized. The student took little to no time to brainstorm ideas for this presentation.</td>
<td>The student took some time to brainstorm for the presentation. Some conclusions are raised and discussed.</td>
<td>Clear consideration was given to the content presented. The student used their originality and creativity.</td>
</tr>
<tr>
<td><strong>Completeness</strong> (Thinking and Inquiry)</td>
<td>Lack of critical or analytical thought and little to no insight utilized.</td>
<td>More details, insight, and critical thought needed.</td>
<td>Exceptional insight into critical components &amp; analysis of issue</td>
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<td>The evaluation of the presentation is inarticulate and difficult to follow. Did not seem to know the material. Poor discussion of questions. Pitch of ideas was not enthusiastic or persuasive.</td>
<td>The analyst had a general grasp of information. Needs more interaction and discussion of questions. Pitch of ideas had little enthusiasm.</td>
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