

RMIT University

Macroeconomics 1 (ECON1010)

School of Economics, Finance and Marketing

Course Guide 2021

Course Co-ordinator: Dr Leonora Risse

Course description

Macroeconomic events and policies affect our daily lives. This course will equip you with knowledge and skills to understand how the economy operates and to make sense of economic indicators such as economic growth, employment, inflation, interest rates, the government budget and exchange rates. You will learn how the government uses fiscal and monetary policy to manage the economy, and understand the role of technology, innovation and entrepreneurship in driving a country's economic development. The course will teach you how economists think about wellbeing and economic prosperity at a national and global level, which includes a consideration of economic inequality and environmental sustainability.

The course content will be highly integrated with real world applications, revolving around the key macroeconomic issues currently faced by Australia, the Asian-Pacific region, and the global economy in general.

By the end of the course, you will understand how the various components of the economy work and interact with each other. You will learn how to interpret and monitor key macroeconomic indicators and understand the implications of changes in economic conditions for businesses. You will gain the skills to understand and evaluate government policy. You will build the skills to access, analyse and present data, and understand the importance of communicating economic concepts in way that is meaningful for businesses. This package of skills and knowledge will be useful in the real world, whether you are in the role of an economist, analyst, consultant, investor, researcher, manager or policymaker. An understanding of the economy will also be valuable in your personal decision-making as an everyday consumer, as a voter in society, and as a participant in discussions on economic, social, environmental and political issues in our community

Course syllabus

This course has been designed around 3 sequential parts.

PART A: Goals of economics

In this section, we build students' familiarity with the broad range of economic issues that economists care about. We take a comprehensive approach towards understanding the range of factors that matter for wellbeing and prosperity at a macroeconomic level.

We learn about the indicators that economists use to measure key economic problems and give students the tools to practically manage and analyse economic data. Students will learn about the composition and performance of the Australian economy, as well as the broader Asia-Pacific region and global economy.

We introduce students to the fundamental models of economic growth, taking a forward-looking approach by focusing on the most important factors that will drive a country's economic prosperity in the future.

Students are introduced to core principles of economic thinking in the context of real-world problems.

PART B: A closer look at economic problems to be solved

In this section, we take a closer look at the economic problems that de-stabilise the economy and affect overall wellbeing: unemployment, costs of living, economic inequality, economic shocks and environmental sustainability.

With each problem, students learn the macroeconomic framework that can be applied to understand what caused the problem, who is most affected, and what determines its severity.

PART C: Our policy toolkit

In this section, we learn about the policy levers we have available to rectify these economic challenges.

We build students' understanding of the tools of fiscal policy and monetary policy. We expand the policy toolkit to look at the way that policies relating to innovation, human capital, technological advancement, institutional settings and international cooperation also play a role in addressing macroeconomic objectives.

To demonstrate the real-world applicability of these principles and policy toolkit, we look at the economic impacts of the COVID-19 pandemic on the Australian and world economy, assess current policies, and identify what policies will be needed in the future.

The outline of weekly topics can be found in the Teaching Schedule.

Macroeconomics 1				
Week	Topic	Textbook resources (Additional readings and material will be shared in lectures)	Tutorials (Additional material will be included in your tutorial worksheets)	Assessment
PART A: Goals of economics				
1	What do economists care about?	CORE Unit 1 (The Capitalist Revolution) CORE Unit 16 (Technological progress, unemployment, and living standards in the long run)	No tutorial this week	
2	A picture of the Australian and world economy	CORE Unit 18 (The nation and the world economy)	Tutorials start in Week 2	
3	How can we measure economic activity?	CORE Unit 13 (Economic fluctuations and unemployment)		
4	Human capital, technology and innovation as drivers of economic prosperity	CORE Unit 16 (Technological progress, unemployment, and living standards in the long run)		Assignment 1 due
PART B: A closer look at economic problems to be solved				
5	Unemployment and costs of living	CORE Unit 13 (Economic fluctuations and unemployment)		
6	Economic inequality	CORE Unit 19 (Economic inequality) CORE Unit 5 (Property and power)		
7	Economic shocks and environmental sustainability	CORE Unit 17 (The Great Depression and Global Financial Crisis) CORE Unit 20 (The Economics of the Environment)		

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Week	Topic	Textbook resources (Additional readings and material will be shared in lectures)	Tutorials (Additional material will be included in your tutorial worksheets)	Assessment
PART C: Our policy toolkit				
8	Fiscal policy	CORE Unit 22 (Economics, politics, and public policy) CORE Unit 14 (Unemployment and fiscal policy)		Assignment 2 due
9	Monetary policy	CORE Unit 15 (Inflation and monetary policy)		
10	Innovation policy	CORE Unit 21 (Innovation, information, and the networked economy)		
11	Financial system and institutions	CORE Unit 10 (Banks, money and the credit market) CORE Unit 17 (The Great Depression and Global Financial Crisis)		
12	International collaboration and future economic priorities	CORE Unit 4 (Social interactions) CORE Unit 18 (The nation and the world economy) CORE Unit 20 (The economics of the environment)	Last tutorial	
End of lecture period				
13			Tutors will be available for consultation	
14				Assignment 3 due