



ECON913

Applied Macroeconomic Topics

S2 Evening 2019

Dept of Economics

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General Information

Unit convenor and teaching staff

Unit Convenor

Jeffrey Sheen

jeffrey.sheen@mq.edu.au

Contact via x7287

E4A 430

Thursdays 3-5pm

Lecturer

David Orsmond

david.orsmond@mq.edu.au

Credit points

4

Prerequisites

ECON633

Corequisites

Co-badged status

ECON713

Unit description

This unit provides the necessary tools to engage with current macroeconomic issues. It will apply rigorous economic analysis to real-world problems, developing an understanding about the relationships between key macroeconomic indicators e.g. inflation, output growth, unemployment, interest rates, wages and profits, stock market indices, exchange rates. The unit will help students to think creatively about the design and constraints of monetary, fiscal and macroprudential policy in normal times and during a crisis.

Important Academic Dates

Information about important academic dates including deadlines for withdrawing from units are available at <https://www.mq.edu.au/study/calendar-of-dates>

Learning Outcomes

On successful completion of this unit, you will be able to:

Source and interpret macroeconomic data, use coherently the key concepts in macroeconomics, and apply advanced macroeconomic models to understand the

behaviour of key macroeconomic variables.

Identify and interpret topical macroeconomic issues, and use advanced macroeconomic models to understand how policy should respond to the issues.

Co-operate with peers in groups to prepare and present the results of collaboration on current topical issues.

Write and discuss advanced macroeconomic analysis in a creative, logical and professional way.

General Assessment Information

No extensions on within-session assessments will be granted for all assessments listed below.

For Essay: There will be a deduction of 10% of the total available marks made from the total awarded mark for each 24 hour period or part thereof that the submission is late (for example, 25 hours late in submission – 20% penalty). This penalty does not apply for cases in which an application for special consideration is made and approved.

For Group Research & Presentation and Final Exam: students who have not submitted the task prior to the deadline or sit the exam will be awarded a mark of 0 for the task, except for cases in which a formal application for Special Consideration is made (via <http://www.ask.mq.edu.au/>) and approved.

If the application is successful, the missed assessment will be replaced by an supplementary test, which could involve an oral test.

Assessment Tasks

Name	Weighting	Hurdle	Due
<u>Group Research & Presentation</u>	25%	No	Weeks 9-12
<u>Essay</u>	25%	No	Week 12
<u>Final Examination</u>	50%	No	Week 13, in Class

Group Research & Presentation

Due: **Weeks 9-12**

Weighting: **25%**

- Due in weeks 9-12 as allocated at first lecture.
- These are seminar presentations by the groups formed by the unit coordinator in week 1. Each group will be allocated a current report by a major agency (eg RBA) to be analysed and presented as a seminar in weeks 9-12.
- You should present a summary of the key points in the report. You may additionally pick

one or two issues to go into greater detail, if you wish.

- The group must meet regularly throughout the semester to do the necessary research on the allocated report, and to prepare a presentation (eg PDF or PPT) that summarizes the key issues raised in the report. The presentation can be designed to include possible discussion points for the class.

On successful completion you will be able to:

- Source and interpret macroeconomic data, use coherently the key concepts in macroeconomics, and apply advanced macroeconomic models to understand the behaviour of key macroeconomic variables.
- Identify and interpret topical macroeconomic issues, and use advanced macroeconomic models to understand how policy should respond to the issues.
- Co-operate with peers in groups to prepare and present the results of collaboration on current topical issues.
- Write and discuss advanced macroeconomic analysis in a creative, logical and professional way.

Essay

Due: **Week 12**

Weighting: **25%**

- Due online in iLearn through TURNITIN before the beginning of the seminar in Week 12.
- Choose any one of the topics on contemporary issues provided separately on iLearn. Research it widely in journal, books, professional magazines etc, and write a reasoned essay about the issue and its implications for macroeconomic outcomes and policy.
- *Format:* Maximum 1500 words. You may use any number of figures and diagrams and tables. Use 12 point font, 1.5 line spaces and A4 page size.
- Remember to cite any writing that is not your own – remember the essays will be submitted online on iLearn through TURNITIN, which can detect copied material from anywhere at any time globally.)

NB Possible topics will be provided in iLearn.

On successful completion you will be able to:

- Source and interpret macroeconomic data, use coherently the key concepts in macroeconomics, and apply advanced macroeconomic models to understand the

behaviour of key macroeconomic variables.

- Identify and interpret topical macroeconomic issues, and use advanced macroeconomic models to understand how policy should respond to the issues.
- Co-operate with peers in groups to prepare and present the results of collaboration on current topical issues.
- Write and discuss advanced macroeconomic analysis in a creative, logical and professional way.

Final Examination

Due: **Week 13, in Class**

Weighting: **50%**

The end-of-session exam will be closed-book, held in Week 13 in class. Details of the exam will be discussed in Week 12.

On successful completion you will be able to:

- Source and interpret macroeconomic data, use coherently the key concepts in macroeconomics, and apply advanced macroeconomic models to understand the behaviour of key macroeconomic variables.
- Identify and interpret topical macroeconomic issues, and use advanced macroeconomic models to understand how policy should respond to the issues.
- Co-operate with peers in groups to prepare and present the results of collaboration on current topical issues.
- Write and discuss advanced macroeconomic analysis in a creative, logical and professional way.

Delivery and Resources

LECTURES/SEMINARS (refer to <https://timetables.mq.edu.au> for class time)

Required and Recommended Texts and/or Materials

There is no required textbook for this course. It is assumed that you understand well an intermediate macroeconomics textbook (like Blanchard and Sheen Macroeconomics, 2013, Pearson 4th edn). Useful readings for the topics are given in the Unit Schedule.

Unit Web Page

You can access the ECON913/713 web site on iLearn from anywhere on the Internet. To login you need a Username and password. All lecture slides should be available on the iLearn site at

least by midday of the lecture.

Unit Schedule

This is a planned schedule, and there may be minor variations as the session progresses.

WEEKS 1-8

TOPIC 1 (JS) *Monetary policy frameworks – inflation targeting, and alternatives*

DeBelle, G. 2018 [Twenty-five Years of Inflation Targeting in Australia](#) RBA Conference Central Bank Frameworks: Evolution or Revolution? 2018

Rogoff, K. 2017. Dealing with monetary paralysis at the zero bound. Journal of Economic Perspectives, https://scholar.harvard.edu/files/rogoff/files/dealing_with_monetary_paralysis_at_the_zero_bound.pdf

TOPIC 2 (JS) *Forecasting and the RBA's MARTIN Model*

Cusbert, T. and Kendall, E. 2018. Meet MARTIN, the RBA's New Macroeconomic Model, RBA Bulletin March 2018 <https://www.rba.gov.au/publications/bulletin/2018/mar/meet-martin-the-rbas-new-macroeconomic-model.html>

TOPIC 3 (JS) *Low inflation, the natural rate of unemployment, fiscal theory of prices*

Cassidy, N., Rankin, E., Read, M. and Seibold, C. 2019 Explaining Low Inflation Using Models. <https://www.rba.gov.au/publications/bulletin/2019/jun/explaining-low-inflation-using-models.html>

Blanchard, O. 2018 Should we reject the natural rate hypothesis? Journal of Economic Perspectives, Vol 32, 1 Winter 2018 <https://pubs.aeaweb.org/doi/pdf/10.1257/jep.32.1.97>

Cochrane, J. 2019 The Fiscal Roots of Inflation, NBER Working Paper 25811, <https://faculty.chicago Booth.edu/john.cochrane/research/papers/decomposition.pdf>

TOPIC 4 (JS) *Digital money and the payments system; the future of cryptocurrencies – eg Bitcoin, Libra*

Cameron, D, Emery, D, Ma, J. and Noone, C. 2019 Cryptocurrency: Ten Years On. RBA Bulletin June 2019

Philip Lowe: RBA Governor Speech (2018) [A Journey Towards a Near Cashless Payments System – Sydney](#) <https://www.rba.gov.au/speeches/2018/sp-gov-2018-11-26.html>

TOPIC 5 (DO) *The causes of financial crises and policy responses*

Reinhard, C. and K. Rogoff (2008), *This Time is Different: Eight Centuries of Financial Folly*, NBER Paper 13882, March <https://www.nber.org/papers/w13882.pdf>

RBA Explainer: *The Global Financial Crisis*, <https://rba.gov.au/education/resources/explainers/pdf/the-global-financial-crisis.pdf>

TOPIC 6 (DO) *Financial regulation: Principles and practice*

Yuksel M. (2019), 'A decade of post-crisis G20 financial sector reforms,' *RBA Bulletin*, June <https://rba.gov.au/publications/bulletin/2019/jun/pdf/a-decade-of-post-crisis-g20-financial-sector-reform>

[ms.pdf](#)

Orsmond D. and F. Price (2016), 'Macroprudential policy frameworks and tools,' *RBA Bulletin*, December <https://www.rba.gov.au/publications/bulletin/2016/dec/pdf/rba-bulletin-2016-12-macro-prudential-policy-frameworks-and-tools.pdf>

TOPIC 7 (DO) *China's economic emergence: Past, present and future*

Garnaut, R., L. Song and C. Fang (2018), Overview in *40 years of Chinese economic reform and development* (Australian National University Press), <http://press-files.anu.edu.au/downloads/pres/s/n4267/pdf/ch02.pdf>

Edwards, J. (2018), 'Economic conflict between America and China,' Lowy Institute WP, December, https://www.lowyinstitute.org/sites/default/files/Edwards_Economic%20conflict%20between%20America%20and%20China_WEB_0.pdf

TOPIC 8 (DO) *Low global interest rates: Causes and policy responses*

Simon, J. (2015), 'Low interest rate environments and risks,' Speech to the Paul Woolley Centre, <https://www.rba.gov.au/speeches/2015/sp-so-2015-10-08.html>

Summers, L. (2014), 'Reflections on the new secular stagnation hypothesis', VoxEU, October, <https://voxeu.org/article/larry-summers-secular-stagnation>

WEEK 9 Group Seminar: *The RBA Statement on Monetary Policy, August 2019* <https://www.rba.gov.au/publications/smp/2019/aug/>

WEEK 10 Group Seminar: *IMF World Economic Outlook 2019* <https://www.imf.org/en/Publications/WEO>

WEEK 11 Group Seminar: *BIS Annual Report* <https://www.bis.org/publ/arpdf/ar2019e.htm>

WEEK 12 Group Seminar: RBA Financial Stability Review <https://www.rba.gov.au/publications/fsr/2019/apr/> (or October, if released)

Policies and Procedures

Macquarie University policies and procedures are accessible from [Policy Central](https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central) (<https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central>). Students should be aware of the following policies in particular with regard to Learning and Teaching:

- [Academic Appeals Policy](#)
- [Academic Integrity Policy](#)
- [Academic Progression Policy](#)
- [Assessment Policy](#)
- [Fitness to Practice Procedure](#)
- [Grade Appeal Policy](#)
- [Complaint Management Procedure for Students and Members of the Public](#)
- [Special Consideration Policy](#) (**Note:** *The Special Consideration Policy is effective from 4*

December 2017 and replaces the Disruption to Studies Policy.)

Undergraduate students seeking more policy resources can visit the [Student Policy Gateway](https://students.mq.edu.au/support/study/student-policy-gateway) (<https://students.mq.edu.au/support/study/student-policy-gateway>). It is your one-stop-shop for the key policies you need to know about throughout your undergraduate student journey.

If you would like to see all the policies relevant to Learning and Teaching visit [Policy Central](https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central) (<https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central>).

Student Code of Conduct

Macquarie University students have a responsibility to be familiar with the Student Code of Conduct: <https://students.mq.edu.au/study/getting-started/student-conduct>

Results

Results published on platform other than [eStudent](#), (eg. iLearn, Coursera etc.) or released directly by your Unit Convenor, are not confirmed as they are subject to final approval by the University. Once approved, final results will be sent to your student email address and will be made available in [eStudent](#). For more information visit ask.mq.edu.au or if you are a Global MBA student contact globalmba.support@mq.edu.au

Student Support

Macquarie University provides a range of support services for students. For details, visit <http://students.mq.edu.au/support/>

Learning Skills

Learning Skills (mq.edu.au/learningskills) provides academic writing resources and study strategies to improve your marks and take control of your study.

- [Workshops](#)
- [StudyWise](#)
- [Academic Integrity Module for Students](#)
- [Ask a Learning Adviser](#)

Student Services and Support

Students with a disability are encouraged to contact the [Disability Service](#) who can provide appropriate help with any issues that arise during their studies.

Student Enquiries

For all student enquiries, visit Student Connect at ask.mq.edu.au

If you are a Global MBA student contact globalmba.support@mq.edu.au

IT Help

For help with University computer systems and technology, visit http://www.mq.edu.au/about_us/

[offices_and_units/information_technology/help/](#).

When using the University's IT, you must adhere to the [Acceptable Use of IT Resources Policy](#). The policy applies to all who connect to the MQ network including students.

Graduate Capabilities

PG - Capable of Professional and Personal Judgment and Initiative

Our postgraduates will demonstrate a high standard of discernment and common sense in their professional and personal judgment. They will have the ability to make informed choices and decisions that reflect both the nature of their professional work and their personal perspectives.

This graduate capability is supported by:

Learning outcome

- Identify and interpret topical macroeconomic issues, and use advanced macroeconomic models to understand how policy should respond to the issues.

PG - Discipline Knowledge and Skills

Our postgraduates will be able to demonstrate a significantly enhanced depth and breadth of knowledge, scholarly understanding, and specific subject content knowledge in their chosen fields.

This graduate capability is supported by:

Learning outcomes

- Source and interpret macroeconomic data, use coherently the key concepts in macroeconomics, and apply advanced macroeconomic models to understand the behaviour of key macroeconomic variables.
- Co-operate with peers in groups to prepare and present the results of collaboration on current topical issues.
- Write and discuss advanced macroeconomic analysis in a creative, logical and professional way.

Assessment tasks

- Group Research & Presentation
- Essay
- Final Examination

PG - Critical, Analytical and Integrative Thinking

Our postgraduates will be capable of utilising and reflecting on prior knowledge and experience, of applying higher level critical thinking skills, and of integrating and synthesising learning and

knowledge from a range of sources and environments. A characteristic of this form of thinking is the generation of new, professionally oriented knowledge through personal or group-based critique of practice and theory.

This graduate capability is supported by:

Learning outcomes

- Source and interpret macroeconomic data, use coherently the key concepts in macroeconomics, and apply advanced macroeconomic models to understand the behaviour of key macroeconomic variables.
- Identify and interpret topical macroeconomic issues, and use advanced macroeconomic models to understand how policy should respond to the issues.
- Co-operate with peers in groups to prepare and present the results of collaboration on current topical issues.
- Write and discuss advanced macroeconomic analysis in a creative, logical and professional way.

Assessment tasks

- Group Research & Presentation
- Essay
- Final Examination

PG - Research and Problem Solving Capability

Our postgraduates will be capable of systematic enquiry; able to use research skills to create new knowledge that can be applied to real world issues, or contribute to a field of study or practice to enhance society. They will be capable of creative questioning, problem finding and problem solving.

This graduate capability is supported by:

Learning outcomes

- Identify and interpret topical macroeconomic issues, and use advanced macroeconomic models to understand how policy should respond to the issues.
- Write and discuss advanced macroeconomic analysis in a creative, logical and professional way.

Assessment tasks

- Group Research & Presentation
- Essay
- Final Examination

PG - Effective Communication

Our postgraduates will be able to communicate effectively and convey their views to different social, cultural, and professional audiences. They will be able to use a variety of technologically supported media to communicate with empathy using a range of written, spoken or visual formats.

This graduate capability is supported by:

Learning outcome

- Write and discuss advanced macroeconomic analysis in a creative, logical and professional way.

Assessment task

- Essay

PG - Engaged and Responsible, Active and Ethical Citizens

Our postgraduates will be ethically aware and capable of confident transformative action in relation to their professional responsibilities and the wider community. They will have a sense of connectedness with others and country and have a sense of mutual obligation. They will be able to appreciate the impact of their professional roles for social justice and inclusion related to national and global issues

This graduate capability is supported by:

Learning outcome

- Identify and interpret topical macroeconomic issues, and use advanced macroeconomic models to understand how policy should respond to the issues.