



ECON3011

Macroeconomic Policy

Session 1, Weekday attendance, North Ryde 2020

Department of Economics

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General Information

Unit convenor and teaching staff

Professor

Jeffrey Sheen

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Room 432, E4A Building

Thursdays 3-5pm

Professor

David Orsmond

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Credit points

10

Prerequisites

20cp at 2000 level including ECON204 or ECON2004

Corequisites

Co-badged status

Unit description

This unit develops macroeconomic models with a focus on key contemporary issues such as persistent low inflation, interest rates, secular stagnation, alternative monetary policy frameworks, fiscal policy constraints, understanding financial crises, financial regulation and cryptocurrencies. Students will develop an understanding of the reasons for these problems, and how key policy institutions such as the RBA, APRA and Treasury are addressing them.

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:

ULO1: Analyse and explain macroeconomic policy in a general framework.

ULO2: Appraise how monetary and fiscal policies are determined in the context of the current economic environment.

ULO3: Critically evaluate the effectiveness of current macroeconomic policy in achieving

stated goals.

Assessment Tasks

Coronavirus (COVID-19) Update

Assessment details are no longer provided here as a result of changes due to the Coronavirus (COVID-19) pandemic.

Students should consult [iLearn](#) for revised unit information.

[Find out more about the Coronavirus \(COVID-19\) and potential impacts on staff and students](#)

Delivery and Resources

Coronavirus (COVID-19) Update

Any references to on-campus delivery below may no longer be relevant due to COVID-19.

Please check here for updated delivery information: https://ask.mq.edu.au/account/pub/display/unit_status

Lectures

Lectures are on Tuesdays 6-9pm in [23 Wallys Walk - T1 Theatre](#). While not compulsory, you are strongly advised to attend all lectures.

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 eg

O. Blanchard and J. Sheen, *Macroeconomics*, 2014, 4th edition, Pearson

A good *reference* text for this unit is:

S. Williamson, *Macroeconomics*, 2018, 6th global edition, Pearson

Useful readings for the topics are given in the Unit Schedule, and extra readings may be recommended during the lectures.

Unit Schedule

Coronavirus (COVID-19) Update

The unit schedule/topics and any references to on-campus delivery below may no longer be

relevant due to COVID-19. Please consult [iLearn](#) for latest details, and check here for updated delivery information: https://ask.mq.edu.au/account/pub/display/unit_status

WEEKS 1-2 Refresher on ISLM, AS-AD; Malthusian growth model, Solow growth model, Endogenous growth models

Blanchard and Sheen 2013 Chs 5-12

Williamson Chs 1,-3, 7-8

WEEK 3 Low inflation, the natural rate of unemployment

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>

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>

Williamson Chs 14-15

WEEK 4 Secular stagnation, potential growth and technology

Arsov, I and Watson, B. 2019 Potential Growth in Advanced Economies RBA Bulletin 12 December 2019 <https://www.rba.gov.au/publications/bulletin/2019/dec/potential-growth-in-advanced-economies.html>

Gordon, R. 2014 US Economic Growth is Over: The Short Run Meets the Long Run, Think Tank 20: Growth, Convergence and Income Distribution: The Road from the Brisbane G-20 Summit: <https://www.brookings.edu/wp-content/uploads/2016/07/tt20-united-states-economic-growth-gordon.pdf>

WEEK 5 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 <https://www.rba.gov.au/speeches/2018/sp-dg-2018-04-12.html>

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

Williamson Ch 15

WEEK 6 Links between fiscal policy and monetary policy – the government budget constraint, the fiscal theory of prices, hyperinflation

Blanchard and Sheen 2013 Chs 23-24

Blanchard, O. (2019) Public Debt and Low Interest Rates, American Economic Review, www.piie.com/system/files/documents/wp19-4.pdf

Cochrane, J. (2011): Understanding Policy in the Great Recession: Some Unpleasant Fiscal Arithmetic. European Economic Review January 2011 https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1619585

WEEK 7 Mid-semester test

WEEK 8 The causes of financial crises and policy responses (DO)

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>

Williamson Ch. 18

WEEK 9 Financial regulation: Principles and practice (DO)

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-reforms.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-macroprudential-policy-frameworks-and-tools.pdf>

WEEKS 10-11 Official Australian and global economy reports *Latest RBA Statement on monetary policy*

Commonwealth Budget statements

World Economic Outlook

WEEK 12-13 Digital money and the payments system; the future of cryptocurrencies – eg Bitcoin, Libra

Dark, C., Emery, D, Ma, J. and Noone, C. 2019 Cryptocurrency: Ten Years On. RBA Bulletin, www.rba.gov.au/publications/bulletin/2019/jun/cryptocurrency-ten-years-on.html

Kumar, A, Smith, C 2017 Crypto-currencies – An introduction to not-so-funny moneys, www.rbnz.govt.nz/media/ReserveBank/Files/Publications/Analytical%20notes/2017/an2017-07.pdf

Härdle, W. and Harvey, C. and Reule, R., Understanding Cryptocurrencies (March 26, 2019).

https://ies.keio.ac.jp/upload/20191125econo_Wolfbang_wp.pdf

RBA Submission to the Senate Select Committee on Financial and Regulatory Technology Dec 2019 <https://www.rba.gov.au/publications/submissions/payments-system/financial-and-regulatory-technology/pdf/financial-and-regulatory-technology.pdf>

Williamson Chs 18

WEEK 13 Unit summary

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.*)

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 help you improve your marks and take control of your study.

- [Getting help with your assignment](#)
- [Workshops](#)
- [StudyWise](#)
- [Academic Integrity Module](#)

The Library provides online and face to face support to help you find and use relevant information resources.

- [Subject and Research Guides](#)
- [Ask a Librarian](#)

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.

Changes from Previous Offering

Unit has been changed to include much more on contemporary policy issues,

Changes since First Published

Date	Description
13/02/2020	Corrections