



ECON8013

Applied Macroeconomic Topics

Session 2, Special circumstances 2021

Department of Economics

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Session 2 Learning and Teaching Update

The decision has been made to conduct study online for the remainder of Session 2 for all units WITHOUT mandatory on-campus learning activities. Exams for Session 2 will also be online where possible to do so.

This is due to the extension of the lockdown orders and to provide certainty around arrangements for the remainder of Session 2. We hope to return to campus beyond Session 2 as soon as it is safe and appropriate to do so.

Some classes/teaching activities cannot be moved online and must be taught on campus. You should already know if you are in one of these classes/teaching activities and your unit convenor will provide you with more information via iLearn. If you want to confirm, see the list of [units with mandatory on-campus classes/teaching activities](#).

Visit the [MQ COVID-19 information page](#) for more detail.

General Information

Unit convenor and teaching staff

Unit Convenor

Jeffrey Sheen

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Contact via x7287

E4A 430

Thursdays 3-5pm

Lecturer

David Orsmond

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Credit points

10

Prerequisites

ECON633 or ECON6033 or ECON6049 or ECON6050

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 of 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:

ULO1: Source and interpret macroeconomic data and coherently use key concepts in macroeconomics.

ULO2: Apply advanced macroeconomic models to understand the behaviour of key macroeconomic variables.

ULO3: Identify and interpret topical macroeconomic issues, and use advanced macroeconomic models to understand how policy should respond to the issues.

ULO4: Co-operate with peers in groups to prepare and present the results of collaboration on current topical issues.

ULO5: Write and discuss advanced macroeconomic analysis in a creative, logical and professional way.

General Assessment Information

Essay topics, mid-session test question paper and final exam question paper will be available on iLearn.

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>Mid-session test</u>	20%	No	Week 7
<u>Group Research and Presentation</u>	15%	No	Week 13
<u>Final online examination</u>	40%	No	In final exam period
<u>Essay</u>	25%	No	Week 12 (Thursday 2pm)

Mid-session test

Assessment Type ¹: Quiz/Test

Indicative Time on Task ²: 15 hours

Due: **Week 7**

Weighting: **20%**

There will be a mid-session test based on material covered in the relevant lectures.

On successful completion you will be able to:

- Source and interpret macroeconomic data and coherently use key concepts in macroeconomics.
- 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.
- Write and discuss advanced macroeconomic analysis in a creative, logical and professional way.

Group Research and Presentation

Assessment Type ¹: Presentation

Indicative Time on Task ²: 15 hours

Due: **Week 13**

Weighting: **15%**

Each group will be allocated a current report by a major agency, such as the Reserve Bank, to be analysed and presented as a seminar towards the end of the session. Students are required to present a summary of the key points in the report. The group must meet regularly throughout the session to complete the necessary research on the allocated report, and to prepare the presentation. 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 and coherently use key concepts in macroeconomics.
- 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 online examination

Assessment Type ¹: Examination

Indicative Time on Task ²: 30 hours

Due: **In final exam period**

Weighting: **40%**

A two-hour open book examination will be held during the University Examination Period, and will be based on all topics and presentations covered in the unit in Weeks 1-13

On successful completion you will be able to:

- Source and interpret macroeconomic data and coherently use key concepts in macroeconomics.
- 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.

Essay

Assessment Type ¹: Essay

Indicative Time on Task ²: 20 hours

Due: **Week 12 (Thursday 2pm)**

Weighting: **25%**

The 1,500-word essay is due before the beginning of the seminar in Week 12. Students choose any one of the topics on contemporary issues provided by the lecturer, research it widely in journals, books, professional magazines, etc, and write a reasoned essay about the issue and its implications for macroeconomic outcomes and policy.

On successful completion you will be able to:

- Source and interpret macroeconomic data and coherently use key concepts in macroeconomics.
- 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.
- Write and discuss advanced macroeconomic analysis in a creative, logical and professional way.

¹ If you need help with your assignment, please contact:

- the academic teaching staff in your unit for guidance in understanding or completing this type of assessment
- the [Writing Centre](#) for academic skills support.

² Indicative time-on-task is an estimate of the time required for completion of the assessment task and is subject to individual variation

Delivery and Resources

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

This unit will be delivered entirely online.

Pre-recorded lectures in Weeks 1-6 and 8-9 will be available through ECHO in iLearn prior to the assigned weekly time slot in the timetable - Thursdays 2-5pm. These lectures will each be approximately 2 hours in length. In the 3rd hour (Thursdays from 3:30pm), an interactive ZOOM session will be held that all students must attend and participate in.

In Weeks 10-13, the interactive ZOOM session will be for the entire assigned time slot (Thursdays 2-5pm).

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 (but only 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 Web Page

You can access the ECON8013/7013 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 a planned schedule, and there may be minor variations as the session progresses.

WEEK 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

RBA: Supporting the Economy and Financial System in Response to COVID-19, <https://www.rba.gov.au/covid-19/>

Williamson Ch15

WEEK 2 (JS) *Low inflation, the natural rate of unemployment*

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>

Williamson Chs 14-15

WEEK 3 (JS) *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, <http://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 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 <https://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 <https://www.rbnz.govt.nz/-/media/ReserveBank/Files/Publications/Analytical%20notes/2017/an2017-07.pdf>

Richards, T., Thompson, C. and Dark, C., 2020, Retail Central Bank Digital Currency: Design Considerations, Rationales and Implications, RBA Bulletin

<https://www.rba.gov.au/publications/bulletin/2020/sep/retail-central-bank-digital-currency-design-considerations-rationales-and-implications.html>

WEEK 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>

WEEK 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-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>

WEEK 7 MID-SESSION TEST

WEEK 8 (DO) *China's economic emergence: Past, present and future*

Orsmond, David (2019), *China's Economic Choices*, Lowy Institute Analysis, December <https://www.lowyinstitute.org/publications/china-s-economic-choices>

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/press/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 9 (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 10 Group Seminar: *The RBA Statement on Monetary Policy, August 2021*

WEEK 11 Group Seminar: *IMF World Economic Outlook 2021*

WEEK 12 Group Seminar: *BIS Annual Report 2021*

WEEK 13 Group Seminar: *RBA Financial Stability Review, October 2021*

Policies and Procedures

Macquarie University policies and procedures are accessible from [Policy Central](https://policies.mq.edu.au) (<https://policies.mq.edu.au>). 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](#)

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

To find other policies relating to Teaching and Learning, visit [Policy Central \(https://policies.mq.edu.au\)](https://policies.mq.edu.au) and use the [search tool](#).

Student Code of Conduct

Macquarie University students have a responsibility to be familiar with the Student Code of Conduct: <https://students.mq.edu.au/admin/other-resources/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.