



# ECON7013

## Applied Topics in Macroeconomics

Session 2, In person-scheduled-weekday, North Ryde 2023

*Department of Economics*

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## General Information

### Unit convenor and teaching staff

#### Convenor

Jeffrey Sheen

[jeffrey.sheen@mq.edu.au](mailto:jeffrey.sheen@mq.edu.au)

#### Lecturer

David Orsmond

[david.orsmond@mq.edu.au](mailto:david.orsmond@mq.edu.au)

### Credit points

10

### Prerequisites

Admission to MRes

### Corequisites

### Co-badged status

### 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. In so doing students will develop the capacity to undertake independent research in macroeconomics.

## 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 the 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.

## General Assessment Information

See <https://policies.mq.edu.au/document/view.php?id=190&version=1>

## Assessment Tasks

| Name   | Weighting | Hurdle | Due                                    |
|--|-----------|--------|--|
| <a href="#"><u>Final examination</u></a>               | 40%       | No     | In final examination period - November |
| <a href="#"><u>Group Research and Presentation</u></a> | 15%       | No     | Week 13                                |
| <a href="#"><u>Essay</u></a>                           | 25%       | No     | Week 12                                |
| <a href="#"><u>Mid-session test</u></a>                | 20%       | No     | Week 7                                 |

### Final examination

Assessment Type <sup>1</sup>: Examination

Indicative Time on Task <sup>2</sup>: 30 hours

Due: **In final examination period - November**

Weighting: **40%**

A two-hour 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 the 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.

### Group Research and Presentation

Assessment Type <sup>1</sup>: Presentation

Indicative Time on Task <sup>2</sup>: 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 the 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.

## Essay

Assessment Type <sup>1</sup>: Essay

Indicative Time on Task <sup>2</sup>: 20 hours

Due: **Week 12**

Weighting: **25%**

The 1,750-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, conduct a literature review, and write a reasoned essay about the issue and its implications for macroeconomics. A significant weight in the marking will be placed on the literature review and research methodology used.

On successful completion you will be able to:

- Source and interpret macroeconomic data and coherently use the 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.

## Mid-session test

Assessment Type <sup>1</sup>: Quiz/Test

Indicative Time on Task <sup>2</sup>: 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 the 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.

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<sup>1</sup> 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.

<sup>2</sup> 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

*This unit will be jointly delivered face-to-face and online, on Mondays 3-5pm (refer to <https://timetables.mq.edu.au> for any updates to class day/time)*

*We are assigned a weekly time slot in the timetable. Pre-recorded lectures in Weeks 1-6 and 8-9 will be available through ECHO and in iLearn prior to the time slot, and should be watched before 3pm - these pre-recorded lectures will each be approximately 2 hours in length.*

*On Mondays from 3:30-5pm from 24 July until 2 October 2023 (except 11, 18 September), we will be having a Q+A session. This will be formally held face-to-face in room 25 Wallys Walk A210, where we will also be using live ZOOM. You are welcome to attend either the face-to-face or ZOOM. Please bring your computers/smart phones to the former. The ZOOM link is on iLearn.*

*From Monday 9 October (weeks 10-13), the seminar sessions will begin at 3pm.*

## **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 a 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 on Mondays..*

## **Unit Schedule**

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

### **WEEK 1 (24 July, 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](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/>
- RBA Review (March 2023), [www.rbareview.gov.au](http://www.rbareview.gov.au)
- Williamson Ch15

### **WEEK 2 (31 July, JS)**

*Low inflation, the natural rate of unemployment, and rising inflation*

- Bernanke, B. and Blanchard, O., May 2023, What caused the US Pandemic-Era Inflation? Hutchins Centre, Brookings. [https://www.brookings.edu/wp-content/uploads/2023/04/Bernanke-Blanchard-conference-draft\\_5.23.23.pdf](https://www.brookings.edu/wp-content/uploads/2023/04/Bernanke-Blanchard-conference-draft_5.23.23.pdf)
- Lorenzoni, G. and Werning, I., April 2023, Inflation is conflict. <https://economics.mit.edu/>

sites/default/files/inline-files/conflict%20inflation\_0.pdf

- 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 (6 August, JS)

*Links between fiscal policy and monetary policy – the government budget constraint, debt sustainability, 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](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1619585)

### WEEK 4 (13 August, JS)

*Digital money and the payments system; the future of , CBDCs*

- 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-designconsiderations-rationales-and-implications.html>
- Itai Agur, Jose Deodoro, Xavier Lavayssière, Soledad Martinez Peria, Damiano Sandri, Hervé Tourpe<sup>1</sup>, and German Villegas Bauer, 2022 Digital Currencies and Energy Consumption, IMF e-Library, <https://www.elibrary.imf.org/view/journals/063/2022/006/article-A001-en.xml>

## **WEEK 5 (20 August, DO)**

*Experiences and lessons from four MP periods: the 1970s, Great Moderation, Secular Stagnation and the Recent Post-Covid Inflation Uplift*

- 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 6 (27 August, 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 7 (4 September)**

MID-SESSION TEST, online, Monday 4 September, 3pm

## **WEEK 8 (25 September, 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 9 (2 October, 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](https://www.lowyinstitute.org/sites/default/files/Edwards_Economic%20conflict%20between%20America%20and%20China_WEB_0.pdf)

### **WEEK 10 (9 October, JS)**

*Group 1 Seminar Presentation: The RBA Statement on Monetary Policy, August 2023*

### **WEEK 11 (16 October, JS)**

*Group 2 Seminar Presentation: BIS Annual Report 2023*

### **WEEK 12 (23 October, JS)**

*Group 3 Seminar Presentation: Intergenerational Report: <https://treasury.gov.au/publication/2021-intergenerational-report>*

### **WEEK 13 (30 October, JS)**

*Group 4 Seminar Presentation: IMF World Economic Outlook Oct 2023*

## **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](#)
- [Assessment Procedure](#)
- [Complaints Resolution 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](http://ask.mq.edu.au) or if you are a Global MBA student contact [globalmba.support@mq.edu.au](mailto:globalmba.support@mq.edu.au)

## Academic Integrity

At Macquarie, we believe [academic integrity](#) – honesty, respect, trust, responsibility, fairness and courage – is at the core of learning, teaching and research. We recognise that meeting the expectations required to complete your assessments can be challenging. So, we offer you a range of resources and services to help you reach your potential, including free [online writing and maths support](#), [academic skills development](#) and [wellbeing consultations](#).

## Student Support

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

## The Writing Centre

[The Writing Centre](#) provides resources to develop your English language proficiency, academic writing, and communication skills.

- [Workshops](#)
- [Chat with a WriteWISE peer writing leader](#)
- [Access StudyWISE](#)
- [Upload an assignment to Studiosity](#)
- [Complete the 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

Macquarie University offers a range of [Student Support Services](#) including:

- [IT Support](#)
- [Accessibility and disability support](#) with study
- Mental health [support](#)
- [Safety support](#) to respond to bullying, harassment, sexual harassment and sexual assault
- [Social support including information about finances, tenancy and legal issues](#)
- [Student Advocacy](#) provides independent advice on MQ policies, procedures, and processes

## Student Enquiries

Got a question? Ask us via [AskMQ](#), or contact [Service Connect](#).

## IT Help

For help with University computer systems and technology, visit [http://www.mq.edu.au/about\\_us/offices\\_and\\_units/information\\_technology/help/](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 since First Published

| Date       | Description                                |
|------------|--|
| 21/07/2023 | New face-to-face venue for weekly sessions |
| 06/07/2023 | n/a  |