ECON7013

Applied Topics in Macroeconomics

Session 2, In person-scheduled-weekday, North Ryde 2024

Department of Economics

Contents

General Information

Unit convenor and teaching staff
Convenor
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Lecturer
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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 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 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

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

Late Assessment Submission Penalty (written assessments)

Unless a Special Consideration request has been submitted and approved, a 5% penalty (of the total possible mark) will be applied each day a written assessment is not submitted, up until the 7th day (including weekends). After the 7th day, a grade of '0' will be awarded even if the assessment is submitted. Submission time for all written assessments is set at 11.55 pm. A 1-hour grace period is provided to students who experience a technical concern.

For any late submissions of time-sensitive tasks, such as scheduled tests/exams, performance assessments/presentations, and/or scheduled practical assessments/labs, students need to submit an application for Special Consideration.

Assessment Tasks

Name	Weighting	Hurdle	Due
Final examination	40%	No	In the final examination period
Group Research and Presentation	15%	No	Weeks 10-13
Essay	25%	No	Week 12
Mid-session test	20%	No	Week 7

Final examination

Assessment Type [1]: Examination
Indicative Time on Task [2]: 30 hours
Due: **In the final examination period**
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

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Group Research and Presentation

Assessment Type [1]: Presentation
Indicative Time on Task [2]: 15 hours
Due: **Weeks 10-13**
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.

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

Essay

Assessment Type [1]: Essay
Indicative Time on Task [2]: 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.

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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.

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[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

This unit will be jointly delivered face-to-face and online, on Tuesdays 3-5pm (refer to https://timetables.mq.edu.au for any updates to class day/time) in 25WW GB30 Tutorial Room

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 1- 2 hours in length.

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 (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/
- RBA Review (March 2023), www.rbareview.gov.au
- Williamson Ch15

WEEK 2 (JS)

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

- Bernanke, B. and Blanchard, O., May 2024, An analysis of pandemic-era inflation in 11 economies, https://www.piie.com/publications/working-papers/2024/analysis-pandemic-era-inflation-11-economies
- 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 (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

WEEK 4 (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, DamianoSandri, Hervé Tourpe1, 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 (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 (DO)

The causes of financial crises and policy responses

- Reinhart, 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

MID-SESSION TEST, in class

WEEK 8 (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 (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

WEEK 10 (JS)

Group 1 Seminar Presentation: The RBA Statement on Monetary Policy, August 2024

WEEK 11 (JS)

Group 2 Seminar Presentation: BIS Annual Report 2024

WEEK 12 (JS)

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

WEEK 13 (JS)

Group 4 Seminar Presentation: IMF World Economic Outlook Oct 2024

Policies and Procedures

Macquarie University policies and procedures are accessible from Policy Central (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). 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) 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 connect.mq.edu.au or if you are a Global MBA student contact 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 the Service Connect Portal, 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/.

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.

Unit information based on version 2024.03 of the Handbook