316-675 Modelling the Australian Macroeconomy

Credit Points:	12.50
Level:	9 (Graduate/Postgraduate)
Dates & Locations:	This subject is not offered in 2009.
Time Commitment:	Contact Hours: 3 hours of classes per week plus 3 hours of seminars during the semester (Not offered in 2009). Total Time Commitment: Not available
Prerequisites:	None
Corequisites:	316-612 Macroeconomics
Recommended Background Knowledge:	None
Non Allowed Subjects:	None
Core Participation Requirements:	For the purposes of considering request for Reasonable Adjustments under the Disability Standards for Education (Cwth 2005), and Student Support and Engagement Policy, academic requirements for this subject are articulated in the Subject Overview, Learning Outcomes, Assessment and Generic Skills sections of this entry. It is University policy to take all reasonable steps to minimise the impact of disability upon academic study, and reasonable adjustments will be made to enhance a student's participation in the University's programs. Students who feel their disability may impact on meeting the requirements of this subject are encouraged to discuss this matter with a Faculty Student Adviser and Student Equity and Disability Support: http://services.unimelb.edu.au/disability
Subject Overview:	This subject examines the use of open economy macroeconomic models in economic policy analysis. Topics include: important Australian macroeconomic data sets; the design of macroeconometric and VAR models of the Australian economy; the derivation of policy multipliers; policy simulation techniques and sensitivity analysis of economy-wide models; recent developments in the theory of economic growth; and an examination of some current issues in macroeconomic policy.
Objectives:	On successful completion of this subject students should be able to: # Explain the limitations of static comparative-equilibrium analysis (including IS-LM) for policy formation and evaluation; # Evaluate the role of Walras' Law in macroeconomic modelling; # Apply models to capture dynamic elements in markets and ensure a consistent relationship between stocks and flows; # Identify recursive elements of models involving a number of structural equations; # Apply numerical algorithms to solve non-linear and simultaneous models; # Describe the differences between short and long run policy multipliers; # Express a system of linear equations in matrix form and solve the system for relevant multipliers; # Describe and evaluate alternative models of the equilibrium rate of unemployment; # Describe and evaluate alternative models of the demand for stocks of financial assets, including money; # Explain the Ando-Modigliani model of household consumption behaviour; # Explain and evaluate competing models of production and economic growth; # Identify the various rules used to solve both static and dynamic economic models; # Analyse the documentation that accompanies models of the Australian economy; # Explain the vision of the Australian economy embodied in the Murphy, Access-Economics and Treasury models; # Identify key equations and parameters in these models and explain why they are important; # Critically evaluate the way these equations are expressed and the numerical values of the various coefficients embodied in them; # Perform policy simulations using Murphy and TRYM models and analyse the results, which are to be presented in a briefing paper;

	# Evaluate and summarise ABS publications involving key economic indicators, such as the CPI, GDP and the unemployment rate.
Assessment:	One 3-hour end-of-semester (80%) and class assignments not exceeding 4000 words (20%).
Prescribed Texts:	None
Breadth Options:	This subject is not available as a breadth subject.
Fees Information:	Subject EFTSL, Level, Discipline & Census Date, http://enrolment.unimelb.edu.au/fees
Generic Skills:	On successful completion of this subject, students should have improved the following generic skills: # Evaluation of ideas, views and evidence; # Synthesis of ideas, views and evidence; # Strategic thinking; # Critical thinking; # Application of theory to economic policy and business decision making; # Accessing economic and other information; # Summary and interpretation of information; # Application of Windows software; # Using computer programs; # Statistical reasoning; # Problem solving skills; # Collaborative learning and team work; # Written communication; # Oral communication.
Notes:	Not offered in 2009. Students may not gain credit for both 316-675 Modelling the Australian Macroeconomy and 316-451 Modelling the Australian Macroeconomy.