

School of Economics and Finance

MOFI 303 MONETARY ECONOMICS

Trimester **ONE** 2006

COURSE OUTLINE

Contact Details

Course Coordinator: Dr. Chia-Ying Chang
Room 431, Rutherford House, 23 Lambton Quay.
Tel: (04) 463-6146
Email: chia-ying.chang@vuw.ac.nz
Office Hours: by appointment only.

Lecturers will be presented by:

Dr. Chia-Ying Chang: RH 431

Dr. Peter Chang: RH 402; Tel: (04) 463-6855; peter.chang@vuw.ac.nz

Lecture Time and Location

There are three 50-min lectures per week:

Monday, Wednesday, and Thursday

10:30-11:20am,

Rutherford House Lecture Theatre 2 (RH LT2)

Final examination: June 5th-June 23rd.

Course Objectives

The intended learning outcomes for students who complete this course are:

1. A basic understanding of different issues in Monetary Economic Theories.
2. The ability to analyse inflation, exchange rate, interaction between money and other assets, the effect of money on real economic variables...etc in different aspects.
3. An understanding of how to use the monetary model to evaluate how the existence of money affects savings, investment, inflation, the role of financial intermediaries, the payment system, and hence, the macro-economy.

Course Content

Week	Chapter(s) in Champ & Freeman 2 nd Edition	Topic(s)
1	1	A Simple Model of Money
2	2	Barter and Commodity Money
3	3	Inflation
4	4	International Monetary Systems
5	5, 6	Price Surprises; Capital
6	7	Liquidity and Financial Intermediation
7	8	Central Banking and the Money Supply
8	9, 10	Money Stock Fluctuations; Fully Backed Central Bank Money
9	11, 12	The Payment System; Bank Risk
10	13	Deficits and the National Debt
11	14, 15	Savings and Investment; The Effect of the National Debt on Capital and Savings
12	16	The Temptation of Inflation

Readings

(Required) Bruce Champ and Scott Freeman (2001), *Modeling Monetary Economics*, 2nd edition, Cambridge Press.

Examples of additional supplementary readings

Books (available in Commerce Library 3-day loan):

- David E. W. Laidler (1985), *Demand for Money: Theories, Evidence, and Problems*, 3rd edition, New York Press.
- Keith Bain and Peter Howells (2003), *Monetary Economics: Policy and its Theoretical Basis*, Palgrave MacMillan Press.
- Carl E. Walsh (2003), *Monetary Theory and Policy*, MIT Press.
- H. Visser (1974), *Quantity of Money*, Robertson Press.

Books (available in Commerce Library closed reserve):

- Robert E. Jr. Lucas (1981), *Studies in Business Cycle Theory*, Basil Blackwell Press.
- Thomas J. Sargent (1986), *Rational Expectations and Inflation*, Harper & Row Press.

Research articles (websites):

- Federal Reserve Bank of Minneapolis Quarterly Review (<http://minneapolisfed.org/research/qr/>)
- Federal Reserve Bulletin (<http://www.federalreserve.gov/pubs/bulletin/default.htm>).
- Federal Reserve Bank of San Francisco Quarterly Review (<http://www.frbsf.org/publications/economics/review/index.html>)

- Federal Reserve Bank of Atlanta Economic Review
(
http://www.frbatlanta.org/publica/pubs_pubrouter.cfm?pub_type=ECONOMIC%20REVIEW)
- Journal of Money, Credit, and Banking, Canadian Journal of Economics, (
<http://www.jstor.org/browse>).

Assessment Requirements

Either 30% tutorial assignment and 70% final examination

Or 100% final examination, whichever is greater.

Terms requirement:

There will be six tutorials in total, which will take place in the following weeks:

1. the second week (Monday, March 6th),
2. the fourth week (Monday, March 20th),
3. the sixth week (Monday, April 3rd),
4. the eighth week (Monday, May 1st),
5. the tenth week (Monday, May 15th), and
6. the twelfth week (Monday, May 29th).

Students are expected to attend the tutorial session. Tutorial groups will be organized during the first week of lectures and will start in the second week (i.e. from Monday, March 6).

Adequate performance in tutorials and assignments is required. Tutorials assignment questions will be available on Blackboard, in the week preceding each tutorial. Students are expected to sign for 3 out of 6 assignments during the 1st week: one from assignment 1-2, one from assignment 3-4, and the other from assignment 5-6. See Suzanne Freear (RH 327) to sign for these three assignments. No more amendment to switch assignments after the 1st week, so students must choose their three assignments carefully.

In each assignment the student signed for, students are required to do the following:

- (i) must complete a written answer individually;
- (ii) must be handed their written answer into the tutor's box on the Mezzanine floor of Rutherford House (Peter Chang's box: #30 for assignments 1-2; Chia-Ying Chang's box: #84 for assignments 3-6) by **9:30am** on the **Monday** preceding that particular tutorial;
- (iii) must hold a copy of their own answer;
- (iv) must prepare to present their own work, and answer questions from the audience in that particular tutorial;
- (v) the written assignment must be typed and must not exceed 1600 words in total (appendices, equations and graphs are excluded).

Each assignment is of equal weight. Any late assignment will be awarded a grade of zero (unless a valid medical certificate issued by licensed medical centre is presented or a valid form of proof that an extension is warranted). The other 3 tutorials will not require written answers but students are expected to come to the tutorial prepared. An outstanding presentation will be awarded bonus points in that particular tutorial.

Students are expected to work independently. Discussion of the assigned problems with other students is accepted, but students should write up their own answers to the problems. Do not copy someone else's answers—you learned nothing that way and your work will be penalised if proved guilty of plagiarism, which is subject to disciplinary procedures under the Statute on Student Conduct (www.vuw.ac.nz/policy/studentconduct) and may be penalized severely.

Please do not ask tutors for help in solving the assigned problems. Students should do the assignment by themselves first. Solutions will be discussed at the tutorial session. Regular attendance at tutorials is important, as NO model answers to tutorial problems will be provided. If the tutorial session runs out of time for some of the questions, students can ask tutors to check their answers to those problems.

Students are encouraged to be active in tutorial discussion, including answering questions, providing useful comments...etc.

Penalties

Any late assignment will be awarded a grade of zero (unless a valid medical certificate issued by licensed medical centre is presented or a valid form of proof that an extension is warranted).

Mandatory Course Requirements

Terms requirements specify the mandatory course requirements that students must complete in order to pass the course. To qualify for terms in this course, students must have grades received from the three signed assignments. Students who fail to fulfil the mandatory course requirements will receive an ungraded fail (i.e. a "Q").

Communication of Additional Information

Communication of additional information will be posted on Blackboard through an Announcement.

Faculty of Commerce and Administration Offices

Railway West Wing (RWW) - FCA Student Administration Office

The Student Administration Office is located on the ground and first floors of the Railway West Wing. The ground floor counter is the first point of contact for general enquiries and FCA forms. Student Administration Advisers are available to discuss course status and give further advice about FCA qualifications. To check for opening hours call the office on (04) 463 5376.

Easterfield (EA) - FCA/Law Kelburn Office

The Kelburn Campus Office for the Faculties of Commerce & Administration and Law is situated in the Easterfield Building - it includes the ground floor reception desk (EA005) and offices 125a to 131 (Level 1). The office is available for the following:

- Duty tutors for student contact and advice.
 - Information concerning administrative and academic matters.
 - FCA Student Administration forms (e.g. application for academic transcripts, requests for degree audit, COP requests).
 - Examinations-related information during the examination period.
- Check with the Student Administration Office for opening times (04) 463 5376.

General University Policies and Statutes

Students should familiarise themselves with the University's policies and statutes, particularly those regarding assessment and course of study requirements, and formal academic grievance procedures.

Student Conduct and Staff Conduct

The Statute on Student Conduct together with the Policy on Staff Conduct ensure that members of the University community are able to work, learn, study and participate in the academic and social aspects of the University's life in an atmosphere of safety and respect. The Statute on Student Conduct contains information on what conduct is prohibited and what steps can be taken if there is a complaint. For queries about complaint procedures under the Statute on Student Conduct, contact the Facilitator and Disputes Advisor. This Statute is available in the Faculty Student Administration Office or on the website at: www.vuw.ac.nz/policy/StudentConduct.

The policy on Staff Conduct can be found on the VUW website at: www.vuw.ac.nz/policy/StaffConduct.

Academic Grievances

If you have any academic problems with your course you should talk to the tutor or lecturer concerned or, if you are not satisfied with the result of that meeting, see the Head of School or the Associate Dean (Students) of your Faculty. Class representatives are available to assist you with this process. If, after trying the above channels, you are still unsatisfied, formal grievance procedures can be invoked. These are set out in the Academic Grievances Policy which is published on the VUW website:

www.vuw.ac.nz/policy/AcademicGrievances.

Academic Integrity and Plagiarism

Academic integrity is about honesty – put simply it means **no cheating**. All members of the University community are responsible for upholding academic integrity, which means staff and students are expected to behave honestly, fairly and with respect for others at all times.

Plagiarism is a form of cheating which undermines academic integrity. Plagiarism is **prohibited** at Victoria.

The University defines plagiarism as follows:

Plagiarism is presenting someone else's work as if it were your own, whether you mean to or not.

'Someone else's work' means anything that is not your own idea, even if it is presented in your own style. It includes material from books, journals or any other printed source, the work of other students or staff, information from the Internet, software programmes and other electronic material, designs and ideas. It also includes the organization or structuring of any such material.

Plagiarism is not worth the risk.

Any enrolled student found guilty of plagiarism will be subject to disciplinary procedures under the Statute on Student Conduct (www.vuw.ac.nz/policy/studentconduct) and may be penalized severely. Consequences of being found guilty of plagiarism can include:

- an oral or written warning
- suspension from class or university

- cancellation of your mark for an assessment or a fail grade for the course.

Find out more about plagiarism and how to avoid it, on the University's website at: www.vuw.ac.nz/home/studying/plagiarism.html.

Students with Disabilities

The University has a policy of reasonable accommodation of the needs of students with disabilities. The policy aims to give students with disabilities an equal opportunity with all other students to demonstrate their abilities. If you have a disability, impairment or chronic medical condition (temporary, permanent or recurring) that may impact on your ability to participate, learn and/or achieve in lectures and tutorials or in meeting the course requirements, then please contact the Course Coordinator as early in the course as possible. Alternatively you may wish to approach a Student Adviser from Disability Support Services to confidentially discuss your individual needs and the options and support that are available. Disability Support Services are located on Level 1, Robert Stout Building, or phoning 463-6070, email: disability@vuw.ac.nz. The name of your School's Disability Liaison Person can be obtained from the Administrative Assistant or the School Prospectus.

Student Support

Staff at Victoria want students' learning experiences at the University to be positive. If your academic progress is causing you concern, please contact the relevant Course Co-ordinator, or Associate Dean who will either help you directly or put you in contact with someone who can. The Student Services Group is also available to provide a variety of support and services. Find out more at www.vuw.ac.nz/st_services/ or email student-services@vuw.ac.nz.

VUWSA employs two Education Coordinators who deal with academic problems and provide support, advice and advocacy services, as well as organising class representatives and faculty delegates. The Education Office is located on the ground floor, Student Union Building, phone 463 6983 or 463 6984, email education@vuwsa.org.nz.

Manaaki Pihipihinga Maori and Pacific Mentoring programme (Faculties of Humanities and Social sciences and Commerce and Administration).

- **What:-**Academic Mentoring for Maori and Pacific students studying at all levels in the above schools. Weekly sessions for an hour with a mentor to go over assignments and any questions from tutorials or lectures. Registered students can use the facilities study rooms and computer suite, at any time, at Kelburn and Pipitea.
- Mature student and Post grad network

If you would like to register as a mentor or mentee please contact the coordinator.

Where:

Melissa Dunlop, Programme Coordinator
Room 109 D, 14 Kelburn Parade: back courtyard
Ph: (04) 463 6015
Email: Maori-Pacific-Mentoring@vuw.ac.nz

Please Note: A mentoring room will also be running at Pipitea Campus starting January. Please contact the Programme Coordinator for details.