

School of Economics and Finance

ECON338 MONETARY ECONOMICS

Trimester One 2012

COURSE OUTLINE

Names and Contact Details

Course Coordinator, Lecturer, and Tutor:

Dr. Chia-Ying Chang,
Room 231, Level 2, Rutherford House,
Tel: (04) 463-6146
Email: chia-ying.chang@vuw.ac.nz
Office Hours: by appointment.

Administrator:

Alice Fong
Room 318, Level 3, Rutherford House,
Tel: (04) 463-5353
E-mail: Alice.Fong@vuw.ac.nz

Trimester Dates

Teaching Period: Monday 5 March – Friday 8 June
Study Period: Monday 11 June – Thursday 14 June
Examination Period: Friday 15 June – Wednesday 4 July (inclusive)

Withdrawal from Course

1. Your fees will be refunded if you withdraw from this course on or before Friday 16 March 2012.
2. The standard last date for withdrawal from this course is Friday 18 May. After this date, students forced to withdraw by circumstances beyond their control must apply for permission on an '*Application for Associate Dean's Permission to Withdraw Late*' including supporting documentation

The application form is available from either of the Faculty's Student Customer Service Desks.

Class Times and Room Numbers

There are two 50-min lectures per week:

Mondays and Wednesdays 16:40-17:30 at
Government Building Lecture Theatre 4 (GBLT4).

Note: there will be no class on ANZAC Day, Wednesday April 25th, and Queen's Birthday Monday, June 4th.

There are three tutorial groups, starting at the 3rd week (March 19th, Monday). Students are required to attend the one they signed up for. The time and location for each are:

Wednesdays 13:40-14:30, RWW413

Wednesdays 14:40-15:30, RWW315

Thursdays 16:40-17:30, RWW125

The finalised tutorial session in which students must attend will be posted on Blackboard by Thursday, March 15th.

Students are required to attend the tutorial sessions. Tutorial groups will be organized by Administrator Alice Fong during the first week of lectures (opens Tuesday 6 March at 8am and closes Monday 12 March at 2pm), and will start in the third week (March 19th -23rd). <https://signups.victoria.ac.nz/login.aspx> . See Blackboard for further information.

Course Content

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

Course Learning Objectives

By the end of this course, students should be able to

1. explain the key issues addressed by a range of monetary economic theories
2. identify key assumptions and the extent to which they influence the outcomes from the monetary models studied
3. analyse the interactions between money and other assets
4. analyse the effect of money on inflation, exchange rates, and real economic variables
5. construct and use monetary models to evaluate how money affects savings, investment, the role of financial intermediaries, the payments system and international monetary systems.

Course Delivery

The course is delivered through a series of 22 lectures and 7 tutorials. It is important for students to attend lectures and tutorials ON TIME and to PARTICIPATE in every one of them.

There will be 7 tutorials in total, which will take place in the following weeks:

1. the third week (March 19th-23rd),
2. the fourth week (March 26th -30th),
3. the fifth week (April 2nd-6th),

4. the eighth week (May 7th–11th),
5. the ninth week (May 14th –18th)
6. the tenth week (May 21st -25th)
7. the eleventh week (May 28th –June 1st).

Expected Workload

Attendance at classes (Lectures and tutorial): 3 hours/week

Reading and reviewing: 5 hours/week

Doing assignments: 2 hours/week

Readings

(Required) Bruce Champ, Scott Freeman, and Joseph Haslag (2011), *Modeling Monetary Economies*, 3rd edition, Cambridge University Press – the book students should purchase.

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 15% from three best tutorial assignments, plus 15% mid-course test (1 hour), plus 70% final examination (2 hours)

Or 100% final examination, whichever is greater.

Preparing for and sitting the Mid-Course Test will assist the student to achieve Course Learning Objectives 1 to 4; completing all the Tutorial Assignments will assist the student to achieve Course

Learning Objectives 1 to 4; preparing for and sitting the Final Exam will assist the student to achieve Course Learning Objectives 1 to 5.

There are four marked and two unmarked assignments. The due dates of the marked assignments are 10am, Mondays, March 19th (week 3), April 2nd (week 5), May 14th (week 9), and May 28th (week 11).

Tutorials assignment questions will be available on Blackboard, in the week preceding each tutorial. Students are expected to turn in all four marked assignments.

Assignments must be:

- (i) completed independently;
- (ii) either typed or well handwritten, not exceeding 1600 words in total (appendices, equations and graphs excluded). Note that all handwriting non-recognizable by the marker will receive zero.
- (iii) placed in the tutor's box ([Chia-Ying Chang, box #84](#)) on the Mezzanine floor of Rutherford House by **10am** on the **Monday** preceding that particular tutorial (students should keep a copy for presentation purpose).

Each assignment is of equal weight. Only the best **three** assignments will be counted for final grades. 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). Students have to prepare to present their assignment and to answer questions in tutorial sessions (both marked and unmarked). The presentations and **70%** tutorial attendance are mandatory of the course.

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. Solutions will be discussed at the tutorial session. Regular attendance at lecturers and 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.

Your assessed work may also be used for quality assurance purposes, such as to assess the level of achievement of learning objectives as required for accreditation and audit purposes. The findings may be used to inform changes aimed at improving the quality of FCA programmes. All material used for such processes will be treated as confidential, and the outcome will not affect your grade for the course.

Examinations

Students who enrol in courses with examinations are obliged to attend an examination at the University at any time during the formal examination period.

The final examination for this course will be scheduled at some time during the period from Friday 15 June – Wednesday 4 July (inclusive).

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

The mandatory course requirements are presentations in tutorial sessions and minimum 70% of tutorial attendance, additional to obtaining an overall course mark of 50% or better.

Class Representative

A class representative will be elected in the first class, and that person's name and contact details made available to VUWSA, the Course Coordinator and the class. The class representative provides a communication channel to liaise with the Course Coordinator on behalf of students.

Communication of Additional Information

Communication of additional information will take place through an Announcement posted on Blackboard, or the lodging of a relevant document on Blackboard.

For the following important information follow the links provided:

Academic Integrity and Plagiarism

<http://www.victoria.ac.nz/home/study/plagiarism.aspx>

General University Policies and Statutes

Find key dates, explanations of grades and other useful information at www.victoria.ac.nz/home/study

Find out about academic progress and restricted enrolment at

<http://www.victoria.ac.nz/home/study/academic-progress.aspx>

The University's statutes and policies are available at www.victoria.ac.nz/home/about/policy, except qualification statutes, which are available via the Calendar webpage at

<http://www.victoria.ac.nz/home/study/calendar.aspx> (See Section C).

Further information about the University's academic processes can be found on the website of the Assistant Vice-Chancellor (Academic) at

www.victoria.ac.nz/home/about_victoria/avcademic/default.aspx

AVC (Academic) Website: information including: Conduct, Academic Grievances, Students with Impairments, Student Support

http://www.victoria.ac.nz/home/about_victoria/avcademic/Publications.aspx

Faculty of Commerce and Administration Offices

<http://www.victoria.ac.nz/fca/studenthelp/>

Te Putahi Atawhai

Maori and Pacific Mentoring Programme

<http://www.victoria.ac.nz/tpa/>