



ECON846

International Monetary Policy

S1 Evening 2017

Dept of Economics

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General Information

Unit convenor and teaching staff

Unit Convenor

Natalia Ponomareva

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Contact via 98506194

E4A 428

Wednesday 3-4pm

Credit points

4

Prerequisites

ECON633 or ECON649

Corequisites

Co-badged status

Unit description

The objective of this unit is to examine selected issues in international monetary economics. We will look at models of money and inflation and analyse the role of monetary and fiscal policies. We will also consider theories of exchange rate determination and models of currency crises. In addition, we will look at the issues of external debt and optimal currency areas. Finally, we will discuss selected macroeconomic puzzles.

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:

To understand and explain the assumptions and structure of standard theoretical models that form the body of modern international macroeconomics and apply these models to real world problems.

Understand the continuous flow of information on the state of the world economy and make sense of the data on the world economy.

Participate with confidence in the debates about international economic policy.

Be able to confidently work as a part of a group.

Assessment Tasks

Name	Weighting	Hurdle	Due
<u>1. Class Test</u>	25%	No	Week 7, in class
<u>2. Essay</u>	20%	No	Week 9
<u>3. Group presentation</u>	15%	No	Week 12 and 13
<u>4. Final Examination</u>	40%	No	Examination period

1. Class Test

Due: **Week 7, in class**

Weighting: **25%**

Class test:

Your class test is 1 hour 20 minutes plus 10 minutes reading time. It will be based primarily on questions along the lines of the numeric/short answer tutorial questions on lectures presented from weeks 1 to 5 and will contain some multiple choice questions.

If you miss the test due to illness or misadventure you should apply for disruption of studies. If the application is approved some alternative assessment task will be offered.

On successful completion you will be able to:

- To understand and explain the assumptions and structure of standard theoretical models that form the body of modern international macroeconomics and apply these models to real world problems.
- Understand the continuous flow of information on the state of the world economy and make sense of the data on the world economy.

2. Essay

Due: **Week 9**

Weighting: **20%**

Review essay

Write an 1500 word summary and evaluation of an academic paper on international monetary policy. The list of papers to choose from will be provided in week 3. By “review essay” we mean a summary in your own words of the article you have chosen to review, together with an appraisal of it. Choose your own preferred proportions of summary and appraisal. You will receive a slightly higher mark if, other things equal, the article you choose to review is comparatively difficult. Your bibliography need not be extensive. Keep a copy of your essay.

You need to submit a hard copy of your assignment in Week 9's class and a soft copy to turnitin. No extensions will be granted. There will be a deduction of 10% of the total available marks made from the total awarded mark for each 24 hour period or part thereof that the submission is late (for example, 25 hours late in submission – 20% penalty). This penalty does not apply for cases in which an application for disruption of studies is made and approved.

On successful completion you will be able to:

- Participate with confidence in the debates about international economic policy.

3. Group presentation

Due: **Week 12 and 13**

Weighting: **15%**

You will be allocated to a group in week 4. You need to choose a topic that interests you in either international economics or monetary policy, and consult with your unit convenor about your choice by week 6 (5th April). If you fail to do so you will lose all the marks for this assessment. If there is more than one group that wants to present on the same topic, then the topic will be allocated to the group that first emailed their choice to the unit convenor.

Each group will have 20 minutes to present, followed by 5-10 minutes discussion with your fellow students and the lecturer. If you choose a topic that relates to an event, please discuss the background, how the event evolved over time and what were the policies implemented. If you choose a topic that relates to an issue, please introduce the background of the issue. Regardless of your topic, you should discuss potential policy implications and your understanding of the topic. All members of the group are expected to conduct part of the presentation and participate in the discussion.

This assessment accounts for 15% of the total mark. Out of this 15%, 10% will be allocated to the presentation (with 5% being awarded for group work and 5% for individual presentation) and 5% will be allocated to the class participation (this is an individual mark), eg: discussions on others' presentations. To secure the 5% for discussion, those who participated in the discussion of others' presentations need to record their name and ID with the lecturer at the end of lecture in both weeks 12 and 13 (2.5% each).

The actual presentation will take place in weeks 12 and 13 in the lecture. However, all groups need to email their presentation slides to the unit convenor by 5pm on Friday in week 11 (26th of May). Groups that fail to do so will lose 5% (out of 15%) of their mark. The following list contains sample topics that may interest you:

- Asian financial crisis
- International monetary policy coordination
- Internationalization of Renminbi
- Monetary policy under crisis
- Carry trade

On successful completion you will be able to:

- Understand the continuous flow of information on the state of the world economy and make sense of the data on the world economy.
- Participate with confidence in the debates about international economic policy.
- Be able to confidently work as a part of a group.

4. Final Examination

Due: **Examination period**

Weighting: **40%**

Final examination

The closed book final examination will be held during the official examination period from 13 to 30 June. The examination will be based on all lecture and tutorial material from the course, with an emphasis on material presented after the mid-session class test.

If students do not sit the final they will get 0 for the exam. That penalty does not apply in cases where an application is made under disruption to studies and the application is approved. In that case the student will be required to sit a supplementary exam

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- Participate with confidence in the debates about international economic policy.

Delivery and Resources

Required and Recommended Texts and/or Materials

Textbook

The prescribed text for the unit is: Paul Krugman, Maurice Obstfeld and Marc Melitz, International Economics: Theory and Policy, 10th edition, Pearson. We will only be using Parts 3 & 4 of this text, i.e. we will not use Parts 1 & 2.

Unit Web Page

Students will be able to access the unit web page by using their normal university Student ID Number and Password on <http://learn.mq.edu.au>. Further help may also be provided by the Learning and teaching Centre: <http://www.mq.edu.au/learningandteachingcentre>.

Unit Schedule

Tentative list of topics:

1. NATIONAL INCOME ACCOUNTING & THE BALANCE OF PAYMENTS
2. EXCHANGE RATES & THE FOREIGN EXCHANGE MARKET: AN ASSET APPROACH
3. MONEY, INTEREST RATES, AND EXCHANGE RATES
4. PRICE LEVELS & THE EXCHANGE RATE IN THE LONG RUN
5. OUTPUT & THE EXCHANGE RATE IN THE SHORT RUN
6. FORECASTING EXCHANGE RATE
7. FIXED EXCHANGE RATES & FOREIGN EXCHANGE INTERVENTION
8. INTERNATIONAL MONETARY SYSTEMS: AN HISTORICAL OVERVIEW
9. OPTIMUM CURRENCY AREAS & THE EUROPEAN EXPERIENCE
10. FINANCIAL GLOBALIZATION: OPPORTUNITY & CRISIS

Week 12 (31 May) GROUP PRESENTATION 1

Week 13 (7 Jun) GROUP PRESENTATION 2 & REVIEW

Learning and Teaching Activities

Lectures

Lectures This unit is taught in a three hour block as a lecture. However, part of the last hour of the lecture will be allocated to working through assigned questions either from the textbook or developed by the lecturer. The purpose of this is to reinforce the material covered in the lecture. At the end of each week, solutions to the assigned questions worked through in the last hour of that weeks lecture will be posted on the unit website. Lectures are intended to provide overviews of the conceptual framework and economic data that are critical to the core themes of the unit. Students are expected to read the relevant chapters and assigned readings before each lecture.

Independent learning

Learning by doing (about 7 hours each teaching week and 10 hours each week during the 2-week mid-session recess). ECON846 relies heavily on independent learning where students read the relevant chapter and assigned journal articles, revise the lecture notes, prepare answers to the assigned questions covered in the last hour of the lecture and extend themselves by doing additional reading, questions, exercises, problems and sourcing economic data.

Policies and Procedures

Macquarie University policies and procedures are accessible from [Policy Central](#). Students should be aware of the following policies in particular with regard to Learning and Teaching:

Academic Honesty Policy http://mq.edu.au/policy/docs/academic_honesty/policy.html

Assessment Policy http://mq.edu.au/policy/docs/assessment/policy_2016.html

Grade Appeal Policy <http://mq.edu.au/policy/docs/gradeappeal/policy.html>

Complaint Management Procedure for Students and Members of the Public http://www.mq.edu.au/policy/docs/complaint_management/procedure.html

Disruption to Studies Policy (in effect until Dec 4th, 2017): http://www.mq.edu.au/policy/docs/disruption_studies/policy.html

Special Consideration Policy (in effect from Dec 4th, 2017): <https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policies/special-consideration>

In addition, a number of other policies can be found in the [Learning and Teaching Category](#) of Policy Central.

Student Code of Conduct

Macquarie University students have a responsibility to be familiar with the Student Code of Conduct: https://students.mq.edu.au/support/student_conduct/

Results

Results shown in *iLearn*, 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.

Student Support

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

Learning Skills

Learning Skills (mq.edu.au/learningskills) provides academic writing resources and study strategies to improve your marks and take control of your study.

- [Workshops](#)
- [StudyWise](#)
- [Academic Integrity Module for Students](#)
- [Ask a Learning Adviser](#)

Student Services and Support

Students with a disability are encouraged to contact the [Disability Service](#) who can provide appropriate help with any issues that arise during their studies.

Student Enquiries

For all student enquiries, visit Student Connect at ask.mq.edu.au

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.

Graduate Capabilities

PG - Discipline Knowledge and Skills

Our postgraduates will be able to demonstrate a significantly enhanced depth and breadth of knowledge, scholarly understanding, and specific subject content knowledge in their chosen fields.

This graduate capability is supported by:

Learning outcomes

- To understand and explain the assumptions and structure of standard theoretical models that form the body of modern international macroeconomics and apply these models to real world problems.
- Understand the continuous flow of information on the state of the world economy and make sense of the data on the world economy.

Assessment tasks

- 1. Class Test
- 3. Group presentation
- 4. Final Examination

PG - Critical, Analytical and Integrative Thinking

Our postgraduates will be capable of utilising and reflecting on prior knowledge and experience, of applying higher level critical thinking skills, and of integrating and synthesising learning and knowledge from a range of sources and environments. A characteristic of this form of thinking is the generation of new, professionally oriented knowledge through personal or group-based critique of practice and theory.

This graduate capability is supported by:

Learning outcomes

- To understand and explain the assumptions and structure of standard theoretical models that form the body of modern international macroeconomics and apply these models to real world problems.
- Participate with confidence in the debates about international economic policy.

- Be able to confidently work as a part of a group.

Assessment tasks

- 1. Class Test
- 2. Essay
- 3. Group presentation
- 4. Final Examination

PG - Research and Problem Solving Capability

Our postgraduates will be capable of systematic enquiry; able to use research skills to create new knowledge that can be applied to real world issues, or contribute to a field of study or practice to enhance society. They will be capable of creative questioning, problem finding and problem solving.

This graduate capability is supported by:

Learning outcomes

- Understand the continuous flow of information on the state of the world economy and make sense of the data on the world economy.
- Participate with confidence in the debates about international economic policy.

Assessment tasks

- 1. Class Test
- 2. Essay
- 3. Group presentation
- 4. Final Examination