



ECON846

International Monetary Policy

S1 Evening 2018

Dept of Economics

Contents

<u>General Information</u>	2
<u>Learning Outcomes</u>	2
<u>Assessment Tasks</u>	2
<u>Delivery and Resources</u>	4
<u>Unit Schedule</u>	4
<u>Policies and Procedures</u>	6
<u>Graduate Capabilities</u>	7

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General Information

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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:

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

Assessment Tasks

Name	Weighting	Hurdle	Due
1. Class Test	20%	No	Week 7, in class
2. Essay	20%	No	Monday, 7th May

Name	Weighting	Hurdle	Due
3. Final Examination	60%	No	Examination period

1. Class Test

Due: **Week 7, in class**

Weighting: **20%**

Class test:

Your class test is 50 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 6.

Failure to attend the class test without the submission of an application regarding Special Consideration on the grounds of illness or unavoidable mishap, together with the required supporting documentation (see the Policies and Procedures section for details), will result in a mark of zero for the assessment. Failure to attend the class test followed up by a successful Special Consideration application will ensue in a extra assessment task.

On successful completion you will be able to:

- Understand the continuous flow of information on the state of the world economy.
- Make sense of the data on the world economy.

2. Essay

Due: **Monday, 7th May**

Weighting: **20%**

Review essay

Write an 1600 word summary and evaluation of any single one of the 3 instant classics on international monetary policy that can be found on the iLearn site for this course. By “review essay” I mean a summary in your own words of the article you have chosen to review, together with an appraisal of it that occupies at least 20% of the essay. Your bibliography can be minimal.

Essays must be submitted on Monday 7 May both via Turnitin (see the website for this course) and hardcopy (in class).. Late essays will be accepted up to 72 hours after the submission deadline. There will be a deduction of 10% of the total available marks for each 24 hour period, or part thereof, that the submission is late (for example, 25 hours late in submission means a 20% penalty). This penalty does not apply for cases in which an application for Special Consideration is made and approved.

Essays will be marked out of 20 marks. Failure to submit the review essay will result in a mark of zero.

On successful completion you will be able to:

- Make sense of the data on the world economy.
- Participate with confidence in the debates about international economic policy.

3. Final Examination

Due: **Examination period**

Weighting: **60%**

Final examination

The final examination will be held during the official examination period from 11 June to 28 June. The examination will be based on lectures and tutorials from weeks 1 to 13, with an emphasis on material presented after the mid-session class test.

On successful completion you will be able to:

- Understand the continuous flow of information on the state of the world economy.
- Make sense of the data on the world economy.
- 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/Addison-Wesley (similar to 9th edition). We will only be using Parts 3 & 4 of this text, ie, 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

Week 1 (Monday 26 February)

NATIONAL INCOME ACCOUNTING & THE BALANCE OF PAYMENTS

Note: There is no tutorial this week.

Week 2 (Monday 5 March)

EXCHANGE RATES & THE FOREIGN EXCHANGE MARKET: AN ASSET APPROACH

Week 3 (Tuesday 15 March)

MONEY, INTEREST RATES, AND EXCHANGE RATES

Week 4 (Monday 19 March)

PRICE LEVELS & THE EXCHANGE RATE IN THE LONG RUN

Chapter 16

Week 5 (Monday 26 March)

OUTPUT & THE EXCHANGE RATE IN THE SHORT RUN

Week 6 (Tuesday 5 April)

EASTER MONDAY PUBLIC HOLIDAY

Week 7 (Monday 9 April)

CLASS TEST in place of lectures

Monday 16 April—Friday 27 April

MIDSESSION BREAK

Week 8 (Monday 30 April)

FIXED EXCHANGE RATES & FOREIGN EXCHANGE INTERVENTION

Week 9 (Monday 7 May) INTERNATIONAL MONETARY SYSTEMS: AN HISTORICAL
OVERVIEW Note: your review essay is due today.

Week 10 (Monday 14 May) FINANCIAL GLOBALIZATION: OPPORTUNITY & CRISIS

Week 11 (Monday 21 May) OPTIMUM CURRENCY AREAS

Week 12 (Monday 28 May)

DEVELOPING COUNTRIES: GROWTH, CRISIS & REFORM

Week 13 (Monday June 4)

REVIEW

Policies and Procedures

Macquarie University policies and procedures are accessible from [Policy Central](https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central) (<https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central>). 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](#)
- [Grade Appeal Policy](#)
- [Complaint Management Procedure for Students and Members of the Public](#)
- [Special Consideration Policy](#) (**Note:** *The Special Consideration Policy is effective from 4 December 2017 and replaces the Disruption to Studies Policy.*)

Undergraduate students seeking more policy resources can visit the [Student Policy Gateway](https://students.mq.edu.au/support/study/student-policy-gateway) (<https://students.mq.edu.au/support/study/student-policy-gateway>). It is your one-stop-shop for the key policies you need to know about throughout your undergraduate student journey.

If you would like to see all the policies relevant to Learning and Teaching visit [Policy Central](https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central) (<https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/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/study/getting-started/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

- Understand the continuous flow of information on the state of the world economy.
- Make sense of the data on the world economy.

Assessment tasks

- 1. Class Test
- 3. 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

- 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. 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.
- 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. Final Examination