



# ECON844

## Monetary and Financial Policies

S2 Evening 2018

*Dept of Economics*

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#### **Disclaimer**

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## General Information

Unit convenor and teaching staff

Unit Convenor

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E4A 428

TBA

Credit points

4

Prerequisites

ECON633

Corequisites

Co-badged status

Unit description

This unit examines a number of issues in monetary theory and policy. We begin with a refresher survey of the workhorse models in macroeconomics – ISLM, ASAD – and develop these for intertemporal modelling. Issues in monetary and fiscal policy design are then discussed, particularly in regard to the global financial crisis of 2008–2009. We study the key models of monetary economies in professional use today. They are based on what are known as dynamic stochastic general equilibrium (DSGE) models. These models are simulated in class to help understand how they respond to shocks like the global financial crisis.

## 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:

Comprehend what drives the relationships between key macroeconomic indicators (e.g. inflation, growth, interest rates, stock market indices) that should be a part of every manager's information set.

Construct a framework for understanding monetary and financial policies using macroeconomic models.

Analyse dynamic path of key economic variables and able to communicate the analysis to diverse audience.

## General Assessment Information

Should you have serious and unavoidable situations that prevent you to complete your assessment tasks, please consult the 'special consideration' policy for instructions. (<https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policies/special-consideration>)

Late submissions will result in a reduction of 10% of the total mark for each calendar day.

## Assessment Tasks

Name	Weighting	Hurdle	Due
<a href="#"><u>1. Class test</u></a>	20%	No	Week 6
<a href="#"><u>2. Review essay</u></a>	20%	No	week 10
<a href="#"><u>3 Final examination</u></a>	60%	No	To be advised

### 1. Class test

Due: **Week 6**

Weighting: **20%**

One-hour twenty minutes exam in week 6 during the class in our lecture room.

On successful completion you will be able to:

- Comprehend what drives the relationships between key macroeconomic indicators (e.g. inflation, growth, interest rates, stock market indices) that should be a part of every manager's information set.
- Construct a framework for understanding monetary and financial policies using macroeconomic models.
- Analyse dynamic path of key economic variables and able to communicate the analysis to diverse audience.

### 2. Review essay

Due: **week 10**

Weighting: **20%**

Your review essay will consist of a summary and appraisal of any of the "extra reading" articles listed in the unit schedule below. These articles will be posted on iLearn. Your review should not exceed 1600 words in length, and should be at least 20% appraisal.

On successful completion you will be able to:

- Comprehend what drives the relationships between key macroeconomic indicators (e.g. inflation, growth, interest rates, stock market indices) that should be a part of every manager's information set.
- Construct a framework for understanding monetary and financial policies using macroeconomic models.
- Analyse dynamic path of key economic variables and able to communicate the analysis to diverse audience.

### 3 Final examination

Due: **To be advised**

Weighting: **60%**

This examination will contain short-answer questions and/or essay-type questions. It will be held in the formal examination period.

On successful completion you will be able to:

- Comprehend what drives the relationships between key macroeconomic indicators (e.g. inflation, growth, interest rates, stock market indices) that should be a part of every manager's information set.
- Construct a framework for understanding monetary and financial policies using macroeconomic models.
- Analyse dynamic path of key economic variables and able to communicate the analysis to diverse audience.

## Delivery and Resources

### Required and Recommended Texts and/or Materials

Bruce Champ, Scott Freeman and Joseph Haslag Modeling Monetary Economies, Cambridge University Press, 4th Edition, 2016

### Unit Web Page

You can access the ECON844 web site on iLearn from anywhere on the Internet. To login you need a Username and password. All lecture slides should be available on the iLearn site at least by midday of the lecture.

## Policies and Procedures

Macquarie University policies and procedures are accessible from [Policy Central](https://staff.m) (<https://staff.m>

[mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central](http://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](http://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central) (<http://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](http://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](http://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](http://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/](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

- Comprehend what drives the relationships between key macroeconomic indicators (e.g. inflation, growth, interest rates, stock market indices) that should be a part of every manager's information set.
- Construct a framework for understanding monetary and financial policies using macroeconomic models.
- Analyse dynamic path of key economic variables and able to communicate the analysis to diverse audience.

#### Assessment tasks

- 1. Class test
- 2. Review essay
- 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**

- Comprehend what drives the relationships between key macroeconomic indicators (e.g. inflation, growth, interest rates, stock market indices) that should be a part of every manager's information set.
- Construct a framework for understanding monetary and financial policies using macroeconomic models.
- Analyse dynamic path of key economic variables and able to communicate the analysis to diverse audience.

### **Assessment tasks**

- 1. Class test
- 2. Review 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**

- Comprehend what drives the relationships between key macroeconomic indicators (e.g. inflation, growth, interest rates, stock market indices) that should be a part of every manager's information set.
- Construct a framework for understanding monetary and financial policies using macroeconomic models.
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### **Assessment tasks**

- 1. Class test
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## **Research and Practice**

This unit gives you practice in applying research findings in your tutorials and assignment.