

School of Economics and Finance

MOFI303 MONETARY ECONOMICS

Trimester One 2009

COURSE OUTLINE

Contact Details

Course Coordinator and Lecturer: Dr. Chia-Ying Chang,
Room 431, Level 4, Rutherford House.
Tel: (04) 463-6146
Email: chia-ying.chang@vuw.ac.nz
Office Hours: Thursdays, 02:30-03:20pm & by appointment.

Administrator: Suzanne Freear
Room 327, Rutherford House, 23 Lambton Quay.
Tel: (04) 463-5380
E-mail: Suzanne.Freear@vuw.ac.nz

Trimester Dates

Trimester period: March 2nd (Monday) - June 5th (Friday).
Final examination period: June 12th (Friday) – July 1st (Wednesday).

Class Times and Room Numbers

There are three 50-min lectures per week:

Mondays and Fridays: 03:40-04:30pm, and Thursdays: 12:40-01:30pm.
Government Building Lecture Theatre 4 (GB LT4)

There are three tutorial groups, starting at the 3rd week (March 16th, Monday). Students are required to attend the one they signed for. The time and location for each are:

Mondays, 04:40-05:30pm, RH G01.
Thursdays, 01:40-02:30pm, RWW 125.
Thursdays, 02:40-03:30pm, RWW 125.

The finalised tutorial session students must attend will be posted on Blackboard on Monday, March 9th.

Prerequisite: MOFI 202 and QUAN 111.

Withdrawal dates: Information available via
<http://www.victoria.ac.nz/home/admisenrol/payments/withdrawlsrefunds.aspx>

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		Review

Course Learning 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. The ability to use and construct monetary models to evaluate how money affects savings, investment, inflation, the role of financial intermediaries, the payment system, and hence, the macro-economy.
4. The ability to understand and use logical reasoning.
5. The ability to identify key assumptions and their effects on outcomes of the models.

Expected Workload

Attendance at classes (Lectures and tutorial): 4 hours/week

Reading and reviewing: 12 hours/week

Doing assignments: 2 hours/week

Readings

(Required) Bruce Champ and Scott Freeman (2001), *Modeling Monetary Economies*, 2nd edition, Cambridge 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 30% for tutorial assignments and 70% for final examination

Or 100% final examination, whichever is greater

Lectures: Students are expected to attend all lectures. Lecture time and location are stated above.

Tutorials:

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

1. the third week (March 16th-20th),
2. the sixth week (April 6th -9th),
3. the ninth week (May 11th-15th),
4. the eleventh week (May 25th -29th).

Students are required to attend the tutorial session. Tutorial groups will be organized by Suzanne Freear (contact details above) during the first week of lectures and will start in the third week (March 16th-20th). <https://signups.victoria.ac.nz/login.aspx> . See Blackboard for further information.

Tutorials assignment questions will be available on Blackboard, in the week preceding each tutorial. Students are expected to turn in all FOUR 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 non-recognizable handwritings by the marker will receive zero credit.
- (iii) placed in the tutor's box (Chia-Ying Chang, box #84) on the Mezzanine floor of Rutherford House by **1pm** on the **Monday** preceding that particular tutorial (students should keep a copy).

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 be prepared to present their assignment and to answer questions in tutorial sessions. The presentation and 75% of 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. Students should do the assignment by themselves first. 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.

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: June 12th (Friday), 2009 - July 1st (Wednesday), 2009.

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

Students must turn in at least THREE assignments on time (or within an approved extension period). Students must present their assignment in tutorial sessions and must attend the particular tutorial they sign in for at least THREE sessions.

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 (RW) - FCA Student and Academic Services Office

The Faculty's Student and Academic Services 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 Student and Academic Services Office on (04) 463 5376.

Easterfield (EA) - FCA/Education/Law Kelburn Office

The Kelburn Campus Office for the Faculties of Commerce and Administration, Education and Law is situated in the Easterfield Building on the ground floor (EA005). This counter is the first point of contact for:

- Duty tutors for student contact and advice.
- Information concerning administrative and academic matters.
- Forms for FCA Student and Academic Services (e.g. application for academic transcripts, requests for degree audit, COP requests).
- Examinations-related information during the examination period.

To check for opening hours call the Student and Academic Services Office on (04) 463 5376.

Use of Turnitin

Student work provided for assessment in this course may be checked for academic integrity by the electronic search engine <<http://www.turnitin.com>>. Turnitin is an on-line plagiarism prevention tool which identifies material that may have been copied from other sources including the Internet, books, journals, periodicals or the work of other students. Turnitin is used to assist academic staff in detecting mis-referencing, misquotation, and the inclusion of unattributed material, which may be forms of cheating or plagiarism. *At the discretion of the Head of School, handwritten work may be copy-typed by the School and subject to checking by Turnitin.* You are strongly advised to check with your tutor or the course coordinator if you are uncertain about how to use and cite material from other sources. Turnitin will retain a copy of submitted materials on behalf of the University for detection of future plagiarism, but access to the full text of submissions will not be made available to any other party.

General University Policies and Statutes

Students should familiarise themselves with the University's policies and statutes, particularly the Assessment Statute, the Personal Courses of Study Statute, the Statute on Student Conduct and any statutes relating to the particular qualifications being studied; see the Victoria University Calendar or go to www.victoria.ac.nz/home/about/policy/students.aspx

For information on the following topics, go to the Faculty's website www.victoria.ac.nz/fca under Important Information for Students:

- Academic Grievances
- Student and Staff Conduct
- Meeting the Needs of Students with Impairments
- Student Support

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. The University defines plagiarism as follows:

The presentation of the work of another person or other persons as if it were one's own, whether intended or not. This includes published or unpublished work, material on the Internet and the work of other students or staff.

It is still plagiarism even if you re-structure the material or present it in your own style or words.

Note: including the work of others will not be considered plagiarism as long as the work is acknowledged by appropriate referencing.

Plagiarism is prohibited at Victoria and is not worth the risk. Any enrolled student found guilty of plagiarism will be subject to disciplinary procedures under the Statute on Student Conduct and may be penalised severely. Consequences of being found guilty of plagiarism can include:

- an oral or written warning
- cancellation of your mark for an assessment or a fail grade for the course
- suspension from the course or the University.

Find out more about plagiarism, and how to avoid it, on the University's website:

www.victoria.ac.nz/home/studying/plagiarism.html

Manaaki Pihipihinga Programme

Manaaki Pihipihinga is an academic mentoring programme for undergraduate Māori and Pacific students in the Faculties of Commerce and Administration, and Humanities and Social Sciences. Sessions are held at the Kelburn and Pipitea Campuses in the Mentoring Rooms, 14 Kelburn Parade (back courtyard), Room 109D, and Room 210, Level 2, Railway West Wing. There is also a Pacific Support Coordinator who assists Pacific students by linking them to the services and support they need while studying at Victoria. Another feature of the programme is a support network for Postgraduate students with links to Postgraduate workshops and activities around Campus.

For further information, or to register with the programme, email manaaki-pihipihinga-programme@vuw.ac.nz or phone (04) 463 6015. To contact the Pacific Support Coordinator, email pacific-support-coord@vuw.ac.nz or phone (04) 463 5842.