



BUSINESS SCHOOL  
Te Kura Pakihi

DEPARTMENT OF ECONOMICS

## ECON 403: Monetary Economics

Semester 2, 2022

### ***Lecturer***

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### ***Class Times***

Mondays 14:00 – 15.50  
Thursdays 14:00 – 14.50

### ***Office hours:***

Tuesdays, 15:00 – 16:50. Also, you may just drop in when I am around, or arrange a time by email instead.

### ***Paper Description***

This paper examines theoretical and empirical aspects of the role of money and other financial assets in the macro-economy and the implications for monetary policy. A particular focus is combining monetary and fiscal policy. The emphasis is on recent applied monetary modelling, involving an understanding of relevant theoretical models and empirical results from such models.

### ***Learning aims and objectives***

The objective of ECON403 is to promote an understanding of the economic concepts underlying the causes and consequences of the global financial crisis of 2007-08 (GFC) and the economic policy responses to the COVID-19 pandemic. ECON403 will focus on monetary policy measures taken during and after the GFC and the pandemic, and how these relate to

fiscal policy, in particular the quantitative effects in terms of the fiscal multipliers. We will study the GFC and COVID-19 periods in a broad context, reviewing the available empirical evidence. In addition, we will look at cryptocurrencies, such as Bitcoin, and the role of central banks in such a world. Should a central bank issue its own cryptocurrency?

Recent empirical techniques and theoretical models will be covered. The paper is geared towards students who are interested in empirical applications and who plan to work in the government or finance sectors or plan to continue to write a PhD thesis.

The instructor will provide a detailed introduction to giving oral presentations of economic research papers, along with various hints and tips, as well as sample presentations.

### ***Learning Outcomes***

1. Understand and critically assess contemporary advanced monetary theory and modelling, and identify how such models can provide a basis for further applied and policy research.
2. Apply the theory and methods to contemporary monetary policy questions.
3. Communicate ideas and methods in monetary policy analysis in oral presentations, using English and mathematics, as appropriate.

### ***Assessment***

The assessment for the paper will be based on class participation (25%) and formal student presentations of recent research papers (75%), either published in refereed journals or being available from websites as working papers.

Students will be randomly assigned research papers for each round of in-class presentations. Each student will be allocated 35 to 40 minutes for the presentation, followed by 10 to 15 minutes of questions and discussion among the students in class. The first round presentation counts 15% towards the final course mark.

Next, there will be three more rounds of in-class presentations with the same format as the first round. Each one will count 20% towards the final course mark.

Every student should read each formal paper that is being presented by others. The discussion and question session that follows each formal presentation counts as part of the class participation mark, aside from other participation throughout the course. Plussage does not apply. Dates and details are to be advised in class.

### ***Grading***

The grading scheme used at Otago is:

- A+ 90-100
- A 85-89
- A- 80-84
- B+ 75-79
- B 70-74
- B- 65-69

C+	60-64
C	55-59
C-	50-54
D	40-49
E	<40

### ***Readings***

There is no textbook. Readings and lecture slides will be provided in class and/or via Blackboard.

### **Policies**

#### ***Dishonest Practice and Plagiarism***

**Students should ensure that all assessed work is their own.** Any student found responsible for dishonest practice in any piece of work submitted for assessment shall be subject to the University's dishonest practice regulations, which may result in serious penalties. A guideline for Student Academic Misconduct Procedures is available at:

<http://www.otago.ac.nz/administration/policies/otago116850.html>

Note that plagiarism is defined as:

- i. copying or cutting and pasting text from others without using quotation marks or block quotes to identify that text, nor clearly indicating the source (this includes paper and electronic sources)
- ii. copying visual materials, images and/or physical objects without clearly indicating the source
- iii. using poor paraphrasing of sentences or whole passages without referencing the original work
- iv. using another person's ideas, work or research data without acknowledgment
- v. copying computer files or computer code without clearly indicating their origin
- vi. submitting another student's work in whole or in part, where this is not specifically permitted in the course outline
- vii. submitting work that has been written by someone else on a student's behalf
- viii. resubmitting portions of previously submitted work without indicating the source.

#### ***Untimely Submission of Assessment Items***

Late assignments will be accepted for evaluation for university-approved reasons only (e.g., in the event of illness, family emergency, or conflict with a university-sponsored event).

#### ***Disclaimer***

While every effort is made to ensure that the information contained in this document is accurate, it is subject to change. Changes will be notified in class and/or via Blackboard. Students are encouraged to check Blackboard regularly. It is the student's responsibility to be informed.