



SYLLABUS

MONETARY ECONOMICS

Carolina Valiente

Contact Hours: 40

Language of Instruction: English

LONDON, ENGLAND

COURSE DESCRIPTION

Monetary Economics is the study of monetary and financial variables in the economy, such as money, financial institutions and markets, interest rates, foreign exchange and the price level, and their determinants and interactions.

This course aims to introduce students to the theoretical treatment of the flow of funds and its component parts, the importance of monetary policies and the financial markets. As such, the course encourages the students to attain the highest standards of academic excellence and consider how monetary and financial considerations are core in economic decisions, how these decisions may affect countries and the world, and how Central Banks and Governments have a role and a responsibility within their wide global community.

Issues regarding economic growth, inflation and interest rates are discussed by looking at the case of the US, the UK and the EU, along with particular cases and events in different countries and regions. Discussions regarding Monetary Policies will include the role of Central Banks and governments in the economy and especially, their actions concerning the banking crisis in 2007-08.

COURSE OBJECTIVES

This course builds on a previous knowledge of Macroeconomic theory. It applies those principles to some of the major decisions facing Central Banks, financial markets and institutions. The first part of the course concentrates on the fundamentals of the theory, while the second part is more connected with the practical application of policies in the last decades.

At the end of the course students should be able to:

1. Distinguish Monetary Policies, their rationale and their relationship with other economic policies (particularly fiscal and foreign exchange policies).
2. Distinguish objectives and tools used by Monetary Policy and the uncertainty of their outcome in terms of interest rates, inflation, employment and other indicators of economic growth.
3. Analyse critically the causes and consequences of the most recent banking crisis and appraise the effectiveness of specific instruments of monetary policy.

You should leave this course with a better understanding of how financial markets, financial institutions and central banks interact with the economy.

INSTRUCTIONAL METHODOLOGY

The sessions combine introductory lectures, student presentations, discussions, group work, visits and visiting lectures. Students will be expected to attend and actively prepare for all classes. The classes are highly participative.

COURSE READING

TO BE CONFIRMED Cargill, Thomas F. (2017) *The Financial System, Financial Regulation and Central Bank Policy*. Cambridge University Press. UK.

Supplementary readings, videos and questionnaires will also be posted online.

Suggested Material:

- The Wall Street Journal
- Bloomberg BusinessWeek
- The Economist.
- The Financial Times.
- The Wall Street Journal.
- Other readings will be recommended during the term.
- Videos and other resources will be used and recommended during the term. Please, check with your tutor for recommendations every week

METHOD OF EVALUATION (GRADING)

Your course grade is based on attendance, class participation, homework assignments, a case project, a midterm exam, and a comprehensive final exam. Your course grade will be computed as follows:

Class Participation	15%
Articles' Discussion (three articles 5 % each)	15%
Midterm Examination	25%
Case Study Presentation	15%
Final Examination	30%
Total	100%

WEEKLY COURSE SCHEDULE

Week 1

Introduction to the financial and monetary regime

Learning objectives:

Understanding the basic concepts and relationships regarding:

- money creation and expansion
- how domestic and international money markets interconnect
- the financial system and the flow of funds in the economy
- the value of money
- main theories in monetary and financial policies
- the evolution of monetary standards

Readings: TO BE CONFIRMED Cargill, Thomas F. (2017) Chapters 1 to 3.

Assignments: Article's Discussion #1 (this discussion counts for 5% towards final mark of 15%)

Week 2

Economic Performance and monetary and financial regimes: The role of interest rates.

Learning objectives:

- Identifying the relationship between money, the financial system and economic activity
- Appreciating the importance of the level of interest rates in direct and indirect financing, the yield curve
- The possible contradictions between the Central banks and the Government

Readings: TO BE CONFIRMED Cargill, Thomas F. (2017) Chapters 4 to 6

Assignments: Article's Discussion #2 (this discussion counts for 5% towards final mark of 15%)

Week 3

The International elements on the financial system: Connecting the Money and FOREX markets

Learning objectives:

- Becoming familiar with the significance of the Forex markets and the different6 forex regimes
- Understanding the Balance of Payments and why imbalances may occur
- Using International Parities as tools for a country's economic policies

Readings: TO BE CONFIRMED Cargill, Thomas F. (2017) Chapter 6 and 7

Assignments: Article's Discussion #3 (this discussion counts for 5% towards final mark of 15%)

Week 4

Government and Central Banks involvement in Monetary Policy

Learning objectives:

- When markets fail. The cost of failure
- Critical consideration of the involvement of government at national and international level: Monetary system, trade and economic growth

- Regulation and supervision of financial markets and institutions

Readings: TO BE CONFIRMED Cargill, Thomas F. (2017) Chapters 8 and 9

Deliverables: Midterm Examination (25% of final grade)

Week 5

Understanding Central Banks

Learning objectives:

- Discriminating roles and tools of Central Banks as the main responsible of a country's Monetary Policy
- Comparing the design and level of independence of different Central Banks
- The Money Supply process, tools and instruments

Readings: TO BE CONFIRMED Cargill, Thomas F. (2017) Chapters 11 to 13

Deliverables: Midterm Examination (25% of final grade)

Week 6 and Week 7

The evolution of Monetary Policies

Learning objectives:

- Identifying the main factors affecting the historical evolution of the theory and implementation of Monetary Models and Policies
- Telling apart how different countries/regions use Policy Targets

Readings: TO BE CONFIRMED Cargill, Thomas F. (2017) Chapters 14, 15 and 17

Assignments: Preparing Case Study Presentation (15% of final grade)

Week 8 and Week 9

Comparing the Great Depression with the Great Recession

Learning objectives:

- Making a detailed critical comparison of the causes and consequences of the Great Depression and the Great Recession
- Contrasting the economic policies used by governments and central banks in order to deal with these crisis
- Considering the main mistakes and successes attained by the implemented policies
- Characterizing other regulatory consequences of these crises
- Itemizing possible current vulnerabilities which may create another crisis

Readings: TO BE CONFIRMED Cargill, Thomas F. (2017) Chapters 16 and 17

Deliverables: Case Study Presentation – Week 9 (15% of final grade)

Week 10

Deliverables: Final Examination (30% of final grade)

CO-CURRICULAR ACTIVITIES

1) Visit to Bloomberg

TO BE CONFIRMED.

2) Visit to the Bank of England

TO BE CONFIRMED. Questionnaire to be answered.

3) Visitor Speaker.

TO BE CONFIRMED.

Overview of the Study and Assessment Plan

Week	Content	Activities and Deliverables	Co-Curricular
1	Introduction to the financial and monetary regime	Assignments: Article's Discussion #1 (this discussion counts for 5% towards final mark of 15%)	
2	Economic Performance and monetary and financial regimes: The role of interest rates	Assignments: Article's Discussion #2 (this discussion counts for 5% towards final mark of 15%)	
3	The International elements on the financial system: The FOREX markets	Assignments: Article's Discussion #3 (this discussion counts for 5% towards final mark of 15%)	Visit – Bloomberg T.B.C.
4	Government and Central Banks involvement in Monetary Policy		Visit – Bank of England T.B.C.
5	Understanding Central Banks	Deliverables: Midterm Examination (25% of final grade)	
6	The evolution of Monetary Policies	Preparing Case Study Presentation (15% of final grade)	
7	The evolution of Monetary Policies	Preparing Case Study Presentation (15% of final grade)	
8	Comparing the Great Depression with the Great Recession	Preparing Case Study Presentation (15% of final grade)	Visitor Speaker T.B.C.
9	Comparing the Great Depression with the Great Recession	Deliverables: Case Study Presentation – Week 9 (15% of final grade)	
10	Final Examination	Deliverables: 01/08/19: Final Exam (20% of final mark)	

All visits are obligatory attendance. Specific instructions and directions will be issued before each event.

APPENDICES

- 1) Instructor Contact Details
- 2) Class Participation (15% of final grade)
- 3) Articles' Discussion (three articles 5 % each) (15% of final grade)
- 4) Midterm Examination (25% of final grade)
- 5) Case Study Presentation (15% of final grade)
 - 5.a) Case Study Per Group
 - 5.b) Self-Assessment – Individual Reflections
 - 5.c) Self-Assessment – How did the group work together?
 - 5.d) Marking Scheme for Presentations – Group Presentation
- 6) Final Examination (30% of final grade)
- 7) Attendance Policy
- 8) Grades

DRAFT

APPENDIX 1

INSTRUCTOR CONTACT DETAILS:

Email: cvlifs@yahoo.com

Contact phone number: 07931746363

Office Hours: Appointments to be made in advance via email.

APPENDIX 2:

CLASS PARTICIPATION (15% of final grade)

The following format is used for each session:

1. Review session of around 5-10 minutes - Students are individually asked questions regarding the previous session. Thus, students are expected to be prepared when they come to class to answer such questions.
2. Lecture – presentation of new principles and applications.
3. Student participation – students are asked questions on an ongoing basis and are expected to ask questions.
4. Students are expected to undertake independent study and research to compose the group work and written assignment.
5. Students are also expected to read the assigned reading for each week and be prepared to discuss these in class when called upon to do so.

APPENDIX 3:

ARTICLES' DISCUSSION (three articles 5 % each) (15% of final grade)

Students are individually asked questions regarding the article assigned for the session. Thus, students are expected to be prepared when they come to class to answer questions and issue critical and relevant opinions related to the selected articles and the application of the Monetary Economics theory.

APPENDIX 4:

Midterm Examination (25% of final grade)

The closed-book midterm examination (week 5) will consist of the material covered during the first four weeks of the term, including the PowerPoint presentations by the instructor, the readings given for those weeks, visits and the in-class discussions. You will be asked to answer 25 multiple-choice/ complete/true-false questions.

APPENDIX 5:

5.a) CASE STUDY ORAL PRESENTATION

This comprises a 15-20 minutes presentation (to be confirmed), on the assigned topic per group + slides. Week 9.

LEARNING OBJECTIVES:

1. Understanding the Great Depression and the Great Recession. Causes, evolution, responsibilities and consequences.
2. Understanding the responsibilities of the Central banks and the Government in financial and economic crisis, and the role of monetary policies and fiscal policies.

REQUIRED:

Task 1. Watch the following videos:

1. Roland You. Published on 13 Oct 2012 The Great Depression 2 - The road to rock bottom. Available on-line at: <https://www.youtube.com/watch?v=7nWJ-A54b2w> (53:45 min) [Accessed 01/10/19]

OR

2. ABC News. YouTube. 17/10/2015 · by MrGartlandsClass The Great Depression (1929-1939) Available on-line at: <https://www.youtube.com/watch?v=TtttXC9tFPU> (44:38 min) [Accessed 01/10/19]

OR

3. Nik TheSaint. Published on 2 Feb 2013. 1929 The Great Depression Part 2 Available on-line at: <https://www.youtube.com/watch?v=gO42ZfCN9ug> (51:18 min) [Accessed 20/01/19]

AND

4. The Fed and Fractional Reserve Banking Caused the Great Depression - Milton Friedman Available on-line at:

<https://www.bing.com/videos/search?q=banks+and+great+depression&&view=detail&mid=F3BBD96681C2CD7BAD42F3BBD96681C2CD7BAD42&&FORM=VRDGAR> (8:47 min.)

[Accessed 01/10/19]

AND

5. Keynesian Economics and the Great Depression. YouTube · 27/02/2010 · by Dawgmandede. Available on-line at:

<https://www.bing.com/videos/search?q=economists+views+of+the+great+depression&&view=detail&mid=2D89C1EB3204463E78462D89C1EB3204463E7846&&FORM=VRDGAR> (9:24

min) [Accessed 01/10/19]

AND

• 6. Bernanke Lessons of First Great Depression, Survival of Casino Capitalism.

YouTube · 12/03/2009 · Available on-line at:

<https://www.bing.com/videos/search?q=economists+views+of+the+great+depression&&view=detail&mid=4B6887B6E8DBC44049FE4B6887B6E8DBC44049FE&&FORM=VDRVRV>

(10:47 min) [Accessed 01/10/19]

Complementary information can be found in your textbook and following the next links:

- History (n.d.) Great Depression. Available on-line at: <https://www.history.com/topics/great-depression> [Accessed 01/10/19]
- AND
- History. Stock Market Crash of 1929. Available on-line at: <https://www.history.com/topics/great-depression/1929-stock-market-crash> [Accessed 01/10/19]
- AND
- Any other you may consider useful for the Great Recession.

Task 2. Answer the following questions providing details of dates, names of the most relevant companies and relevant important people quoted/guiding the actions taken by different participants (i.e., Central Banks in each country and collectively, governments, financial institutions and economists).

1. Overview the causes of the Great Depression and the Great Recession.
2. Detail the participation and responsibility of banks in creating both crises. What exactly did the Central Banks and commercial banks do/do not do before and during the crises?
3. What did the government do/do not do during and after the crises?
4. What happen to common people as a consequence of the crises?
5. What were the effects of the crises on the general economy, both in the US and the world?
6. List some of the most important measures/policies put into place by the government of the US to facilitate as a way out from the crises?
7. How do the opinions of the most important economists differ regarding how to deal with these crises?
8. What are the main conclusions you can extract from all the above answers? Justify your answers.

Task 3. Prepare your presentation.

CASE STUDY ORAL PRESENTATION ISSUES

The Power Point Presentation slides (maximum total time: 15-20 minutes per group to be distributed among the members of the team following the following structure), should include the following parts:

- **Front page:** with title, name of the course, and all relevant student's details including the name of the university.
- **Content:** Brief paragraph/bullet points with the main sections/highlights in the structure of the Presentation.
- **Methodology:** Brief paragraph/bullet points with an overview of sources of information, procedure, rationale of statistical/economic graphs and methods applied, and the way this work has been carried out. Please, remember to distinguish between data/graphs and tables you have produced and those that are taken from other sources.
- **Literature Review:** Brief paragraph with a quote/reference/explanation (in some detail) regarding the core monetary policy concepts/theories to be applied in your discussion (based on the selected cases and the corresponding chapters of the textbook).
- **Discussion/Results/Findings:** This is the most important part of the presentation. This comprises a critical application of monetary economic and other relevant macroeconomic concepts and theoretical relationships to the analysis of your case study

(i.e., sector of industry/country). What are the “core” areas and aspects that the particular policies expected to achieve? Were these objectives attained? Provide relevant tables, quotations and graphs to emphasise your findings.

The critical analysis is expected also to briefly refer what have been the most significant unintended consequences or failures in the application of these policies (providing information on specific impact on the household sector, the business sector, the economy and the government).

- **Conclusion:** Systematic reflection on the different parts of the research and how the monetary economics principles have been successful or a failure in your study cases.

- **References:** (these do NOT need to be presented verbally, but they are expected to be listed at the end of the presentation/Power Point slides)

The minimum information for all the sources used in your list of References comprises (Please, refer to Harvard reference standards):

1. Books and Journals: (a) first author (b) title of article or book (c) title of journal (if relevant) (d) volume number (e) year of publication (f) publisher (books only)

2. Internet sources: full reference of Web-based sources providing details of author, name of articles/report, date of publication, date of accessing the site.

3. Any other relevant sources of information (e.g., videos, news, etc.)

Referencing: Use Harvard Referencing Guidelines:

- UK Essays (n.d.) Harvard Referencing Guide, Available on-line at: <https://www.ukessays.com/referencing/harvard/>
- Anglia Ruskin University (n.d.) Harvard System. Available on line at: <https://libweb.anglia.ac.uk/referencing/harvard.htm>

REMEMBER:

* The Group Presentation is worth 15% of the final grade.

The core of the marks will be allocated depending on the appropriate choice of articles, relevant economic concepts used, depth of coverage in the discussion, and sound application of theory. Marks will also be awarded by following a logical structure of the presentation and for language and answers to questions from the class.

* Use as many textbooks, articles, reports, videos, data and serious academic material as considered useful. Better research and critical analysis will receive better marks.

* Always write and speak in third person (e.g., The research, the theory, the textbook, the article by)

* The slides used for the presentation must be submitted using a POWER POINT format.

* Please look below to links for information on the Harvard Referencing Style. Be careful when quoting other people's work within your own Presentation.

* Keep a copy of your Presentation.

APPENDIX 5.b):

SELF-ASSESSMENT - REFLECTING ON YOUR GROUP ASSIGNMENT.

Date Submitted: _____. [To be submitted as a group via email, with Presentation in Week 9.](#)

The purpose of this form is:

- 1) To help you to consider whether your arguments were clear and whether they were properly supported by the data and the methodology employed in the assignment.
- 2) To assist the marker of your "Case Study" assignment, in providing feedback, which relates to your specific learning needs.
- 3) To obtain an overview on the areas in which you may need support during the second part of the term (e.g., statistics, critical analysis, referencing, use of databases, etc.).

1. Please summarise briefly the central line of argument that the group tried to put forward in answer to the assignment's questions.

2. Things that the group did well or tried to do well.

3. Things that were difficult and the group was not too happy about.

4. Areas of knowledge the group would like to review/ consolidate next term (e.g., statistics, critical analysis, referencing, use of databases, etc.).

APPENDIX 5.c): SELF-ASSESSMENT – Individual assessment of Group work (*)

Your name: _____

Date: _____ **To be submitted individually via email** on the day of the presentation (Week 9).

Other team members and section each one was responsible for within the assignment:

1 _____ 2 _____ 3 _____

1 _____ 2 _____ 3 _____

On a scale from 1 to 5, please rate your group on the following items

1 = Strongly Disagree 2 = Disagree 3 = Agree 4 = Strongly Agree 5 = Couldn't agree more!

All members contributed equally to the project. 1 2 3 4 5

Our group worked well together. 1 2 3 4 5

Disagreements were settled quickly and politely. 1 2 3 4 5

Our group met deadlines and did not procrastinate. 1 2 3 4 5

I felt encouraged by my group members to work on the project. 1 2 3 4 5

I would like to work with this group again. 1 2 3 4 5

I feel that I contributed to my group's success by:

Next time, I would:

(*) Amended form based on "MBA Programme - Group Activity, Self and Peer Assessment V 2.0 05/2008/CS"

APPENDIX 5.d) :

MARKING SCHEME FOR GROUP PRESENTATION (15% of final grade):

1) **Structure of the Presentation** _____ **out of 2%**

2) **Content:** _____ **out of 10%**

5 %

- 2.1) Evidence of research.
- 2.2) Relevance and quality of issues/data used.
- 2.3) General overview of Monetary Policy problems and its relationship with the specific selected study cases

2.4) Critical relationship between Monetary Policies, their intended impact, and their effect on the selected sector/country over the selected period. Any other relevant issues.

5 %

2.5) The unintended consequences of the selected Monetary Policies on pertinent issues as per case under study.

2.6) Meaningful overall evaluation of Monetary Policies concerns on performance/effectiveness of the case study.

3) **Impact:** _____ **out of 2%**

- 3.1) Use of PowerPoint /OHTs
- 3.2) Handouts/supplementary material
- 3.3) Clarity/ pace of delivery
- 3.4) "Executive style" of presentation.
- 3.5) Time management.

4) **Others:** _____ **out of 1%**

- 4.1) Creativity
- 4.2) Answers to questions and dynamic of the discussion.

TOTAL MARKS: _____ **out of 15%** **Equivalent grade:** _____

APPENDIX 6: ATTENDANCE POLICY

Every class and excursion (whether on- or off-site) must be attended. Absence will only be accepted on grounds of sickness. Sickness must be notified in advance in person (by phone, note or email) either to **Amanda or Mary**. Any absence not for sickness, for example for travel purposes, will affect your grade. See your programme's attendance policy for more details.

APPENDIX 7: FINAL EXAMINATION (30% of final grade)

The final examination (week 10) will consist of the material covered during the term. The exam questions will be drawn from the PowerPoint presentations by the instructor, the readings given for those weeks, visits and the in-class discussions. You will be asked to answer a section containing two sections. Section A: multiple-choice/ complete/true-false questions. Section B: Essay type question.

The final exam will be administered during class time on the final day of the course as indicated on the course calendar. During the exam, students may have out pencils, pens, erasers, a ruler or straight edge. The final exam is CUMULATIVE.

Any device that could possibly be connected to the Internet is prohibited (i.e. cell phones, tablet devices, laptops, etc.), unless otherwise confirmed by the Instructor.

The exam is intended to test higher levels of learning than the quizzes. The exam primarily test students' ability to apply terms and concepts to analyze and evaluate problems related to monetary economics.

APPENDIX 7: GRADES

Final grades will be decided as follows (final scores will not be rounded):

A	93.00-100%
A-	90.00-92.99%
B+	87.00-89.99%
B	83.00-86.99%
B-	80.00-82.99%
C+	77.00-79.99%
C	73.00-76.99%
C-	70.00-72.99%
D+	67.00-69.99%
D	63.00-66.99%
D-	60.00-62.99%
F	<60.00%