



## Monetary Policy

<b>Course code</b>	<i>GRAE012</i>
<b>Course title</b>	<i>Monetary Policy</i>
<b>Type of course</b>	<i>Compulsory</i>
<b>Stage of study</b>	<i>Advanced</i>
<b>Department in charge</b>	<i>Graduate school</i>
<b>Year of study</b>	<i>2<sup>nd</sup></i>
<b>Semester</b>	<i>Autumn</i>
<b>ECTS</b>	<i>6 credits</i>
<b>Coordinating lecturer</b>	<i>David Wheat, PhD (david.wheat@uib.no)</i>
<b>Studies form</b>	<i>Evening</i>
<b>Prerequisites</b>	<i>Advanced Macroeconomics</i>
<b>Language of instruction</b>	<i>English</i>

**Course objective.** This course aims to encourage theoretical inquiry, practical questioning, and deep understanding. Emphasis is placed on using simulation models to understand the dynamics of monetary policy design & implementation, as well as identifying constraints on the effectiveness of monetary policy in real-world economic systems. In addition to learning from lectures, reading, and case studies, students will learn how to use a simple method to diagram monetary theories and how to use simulation models to enrich their understanding of the macroeconomic dynamics of monetary policy. The students will also gain practical experience in research, report writing, and organizing and delivering professional presentations.

<b>Student learning outcomes (SLO)</b>	<b>Study methods</b>	<b>Assessment methods</b>
SLO1. Compare monetary policy goals & instruments in the context of monetary theories	Lectures, readings, simulations	Midterm exam & project
SLO2. Predict monetary policy responses to changing economic conditions	Lectures, readings, simulations	Midterm exam & project
SLO3. Describe monetary policy transmission channels in the context of monetary theories	Lectures, readings, simulations	Midterm exam & project
SLO4. Identify constraints on monetary policy options, decision-making, and effectiveness.	Lectures, readings, simulations	Midterm exam & project
SLO5. Compare monetary policy regimes.	Lectures, readings, simulations	Midterm exam & project
SLO6. Translate monetary policy theories into causal links & feedback loops, and compare.	Lectures, readings, simulations	Midterm exam & project
SLO7. Use & adapt simulation models of monetary policy processes & interpret results.	Lectures, readings, simulations	Midterm exam & project
SLO8. Deliver a written report & professional presentation on a monetary policy topic.	Consultations with instructor	Project

**Teaching methods.** The course is taught in English and course lectures are planned for delivery in a regular classroom setting. For students unable to attend for Covid-19 public health reasons, online participation via Zoom is permitted. Course structure is a combination of lectures, activities, case studies, computer simulations, and student research reports and presentations. It requires a substantial amount of preparation by the students and active involvement during and outside of class. Feedback from students is always valued.

**Integrity.** The ISM regulations on academic ethics, including cheating (see: *ISM regulations*) are fully applied in the course during the entire semester.

**Monday, Wednesday, and Friday evenings, 18:00 - 21:15.**

Date	Topics
Sep 6	Monetary policy simulation game (part 1); Stock-flow-feedback modeling; Project description
Sep 8	Monetary policy goals & instruments
Sep 10	Implementation: transmission channels of monetary policy
Sep 13	Balance sheet dynamics
Sep 15	Operating frameworks: European Central Bank
Sep 17	Operating frameworks: Bank of England, & U.S. Federal Reserve
Sep 20	<b>Mid-term exam:</b> student presentations of preliminary research findings
Sep 22	Monetary policy simulation game (part 2): what have you learned?
Sep 24	Post-pandemic monetary policy around the world
Oct 1	<b>Submission of Final Exam Project</b>

**Reading assignments will be in:**

- Bain & Howells, 2009. *Monetary Economics: Policy and Its Theoretical Basis* (available in ISM Library).
- Various journal articles, as well as chapters in other books in the ISM Library.

**Software.** Students will use simulation software called *Stella Architect*. A free-for-30-days version is generously provided by isee systems inc. ([www.iseesystems.com](http://www.iseesystems.com)). The software will be sent to the students via WeTransfer on Thursday, Sep 2<sup>nd</sup>. Students will use the software during the first lecture and should install and get acquainted with it as soon as possible before Monday, Sep 6<sup>th</sup>. Here are introductory tutorials: <https://www.iseesystems.com/resources/tutorials/>. At a minimum, study the first tutorial: placing a stock (1 minute). Study others if you have time.

**Assessment methods:**

**Mid-term Exam (20% of course grade).** Students will demonstrate progress towards completion of the final project with a draft report and brief presentation of preliminary research findings on Sep 20<sup>th</sup>. Late reports and/or presentations will have points deducted from the earned grade.

**Final Exam (80% of course grade).** Students will submit a written report and a video-recorded presentation by Oct 1<sup>st</sup>. Late submissions will have points deducted from the earned grade.