



Monetary Policy

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

Student learning outcomes (SLO)	Study methods	Assessment methods
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 is delivered online using Zoom. It is structured as 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 7	Introduction to monetary policy and stock-flow-feedback modeling
Sep 9	Transmission channels; balance sheets
Sep 11	Instruments/targets/indicators/goals; balance sheet dynamics
Sep 14	International trade & finance: consequences for monetary policy
Sep 16	Operating Frameworks: Bank of England, Federal Reserve, and others
Sep 18	Operating Frameworks: European Central Bank and others
Sep 21	Mid-Term Exam
Sep 23	De-brief MT exam; central bank independence; monetary policy simulation game
Sep 25	Student project presentations: preliminary research findings
Oct 2	Submission of Final Projects

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. Use Zoom to join the lectures. See 'announcement' on e-learning site with suggestions for your workspace arrangements. You will also use simulation software called *Stella Architect*. A free-for-30-days version is generously provided by isee systems inc. (www.iseesystems.com). You should download it from my Dropbox during the week before the first lecture. Install while you are connected to the Internet. Here are introductory tutorials: <https://www.iseesystems.com/resources/tutorials/>. (Do not install the free version offered on the isee systems website; it does not have the 'save' feature that you will need.)

Assessment methods:

Mid-term Exam (25% of course grade). The mid-term exam will cover material presented and reading assigned during the first six lectures, plus a question related to your research project. It will include short-answer questions, essay questions, and problem-solving tasks. Consistent with ISM regulations, there will be no make-up exam for a student failing to take the mid-term on the scheduled date; in that case, the student's final grade will include a zero for the mid-term exam.

Project (75% of course grade). The remainder of the grade is based on a research project that will be explained during the first online meeting. Each student will submit a written report and a video-recorded presentation by Oct 2nd. A student failing to complete the project with a passing grade will be assigned a make-up project; in that case, the actual project grade will be an average of the failed project grade and the make-up project grade.

Final Grade. The final course grade will be a weighted average of the mid-term exam grade (25%) and the project grade (75%).