**RWS16: Monetary Policy**

**Due for w/b 4th December 2017**

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| **GENERAL INSTRUCTIONS:**  *Please complete a revision worksheet summarizing the work from the last two to three weeks. The work should be taking you* ***up to 2 hours*** *to complete and should consist of a 1 A4 double paged summary based on the questions below. Please print out a double sided version to be handed in and marked on the date above (emails will not be accepted so make sure you are printing off your sheet before the lesson).*  *Remember to use all of the space over your two sides of A4 and make sure the ‘margins’ in Word are put as ‘narrow’. Feel free to reduce the size of the font if you are running out of space but nothing less than size 10. A better way to reduce would be to reread what you have written and try to be more succinct; it must fit onto two sides of A4 only!*  *You should be reading and using all the compulsory resources below (remember you will have already read an awful lot of these for homework and in class but there are a few extras I want you to read.*  *This revision worksheet should be taking you 2.25 to 3 hours…I suggest you spend 45 minutes writing up all your notes from class into a rough draft. Then, spend the next 45m-1.5hrs reading the compulsory resources and any extra information or clarifying concepts if you do not understand them. Then use the final 30-45 minutes to edit the work, make it look pretty and print it off.*  *When you hand in these revision worksheets, they are not speculative attempts to see if you understand the material; I am expecting you to have spent the time in and out of the classroom learning it. Thereforeo make use of the extra support available to you: (1) emails to Olly to seek clarification on specific points (2) Economics lunchtime workshop drop ins on Mondays, Wednesdays and Fridays in room 206 (3) 1-2-1 15 minute slot outside of lessons.*  *REMEMBER THAT IF YOU DO NOT HAVE A PRINTER AT HOME YOU MUST FIND TIME BEFORE THE LESSON TO PRINT IT OFF AT COLLEGE*  *ALSO MAKE SURE THAT AS WELL AS STORING A COPY ON A MEMORY STICK, YOU ALSO EMAIL YOURSELF SO THERE CAN BE NO COMPUTER ISSUES WHEN IT COMES TO PRINTING OFF YOUR WORK* |
| **SOURCES**  **Compulsory (YOU MUST MAKE SURE YOU HAVE USED THESE SOURCES)**   1. **TEXTBOOK (see GOL Library Page to download for free or buy online - £20-25):** pp 246 to 264 2. **NOTES:** Class and PREP homework notes (in your bag!) including department worksheets issued in class (available on GOL). Remember to include the PREP work as well! This is important for context and case studies. 3. **POWERPOINT:** See the powerpoint slides on GOL for access to my notes. 4. **ARTICLES on GOL:**    * ARTICLE – Causes of the Financial Crash    * Financial Regulation (already given out in class but probably worth another read    * Gordon Brown’s Legacy (already read in class)    * Record of Bank of England 2009   **EXTENSION (IF YOU HAVE TIME, TRY TO ACCESS THESE ARTICLES)**   1. Recommended Websites:    * Economics Help Website    * Tutor2U Website 2. Other articles on GOL    * Was Marx right all along?   **ALL OF THESE RESOURCES CAN BE FOUND ON GODALMING ONLINE – ANY ISSUES, EMAIL OLLY on** [**ods@godalming.ac.uk**](mailto:ods@godalming.ac.uk) |

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| **SPECIFIC INSTRUCTIONS:**  **TITLE: RWS16 – Monetary Policy**  **Monetary Policy Overview** **(1/5 a side of A4)**   1. Describe the different types of monetary policy (i.e. monetary and financial stability). 2. Explain the role of the Bank of England in the control of monetary policy in the UK and why they are different from commercial banks such as Barclays or HSBC.   **Monetary Stability (2/5 side of A4)**   1. Define the following ‘tools of monetary stability’: interest rates, quantitative easing, forward guidance, manipulating exchange rates and funding for lending AND provide a brief history of monetary stability (policy) in the UK since 1979 2. Monetary Transmission Mechanism: Explain (using an AD/AS diagram where appropriate) and the concept of the ‘monetary transmission mechanism’ how changes in interest rates might affect macroeconomic objectives (economic growth, unemployment, inflation and the balance of payments). 3. Evaluate why the monetary transmission mechanism may not work?   **Financial Stability (2/5 side of A4)**   1. Explain why financial markets are more prone to market failure perhaps than other markets? HINT: Remember to refer to the role of banks and terms such as ‘moral hazard’, asymmetric information and externaltieis. 2. Provide a brief overview of the causes of the financial crash of 2008 3. Before 2008, how did financial stability work in the UK? 4. How did the UK respond to the financial crisis and evaluate the role of Gordon Brown in the financial crisis. 5. Post 2008, what financial stability now exists in the UK? HINT: Remember to include words such as microprudential, macroprudential, the PRA, FPC and FCA. 6. What attempts have there been internationally to bring about a more international regulatory scheme and how successful has it been?   **Monetary Policy Debates** **(1 side of A4)**   1. To what extent has the financial stability record in the UK been a successful one since 2000 (only brief) 2. To what extent do you think Quantitative Easing has worked in the UK (provide a brief background to QE as well) – remember to put both sides of the story 3. To what extent have ‘funding for lending’ and ‘forward guidance’ been successful in the UK? (both sides of the story!) 4. To what extent is monetary policy a ‘good policy’ for Government’s to use in influencing/stabilising the macroeconomy in the UK? |