

DEREE COLLEGE SYLLABUS FOR: EC 4345 MONETARY THEORY AND POLICY

(EC 3345 Monetary Theory and Policy - L5)

UK LEVEL: 6**UK CREDITS: 15**

(Updated Fall 2021)

US CREDITS: 3/0/3**PREREQUISITES:**

EC 1000 Principles of Microeconomics
 EC 1101 Principles of Macroeconomics
 EC 3271 Macroeconomic Theory and Policy

CATALOG DESCRIPTION:

Theories of the role of money in economic activity. Monetarism vs. Keynesianism. Money and economic growth. Inflation. Monetary policy goals, targets, and tools. Efficacy and shortcomings. Alternative monetary policies.

RATIONALE:

This course enhances student's knowledge of the role of money in the macro economy by reviewing the main developments, as well as the main controversies in monetary theory. Because understanding the role of money in macroeconomic models often requires the study of micro foundations of such models, the course gives students the chance to synthesize the knowledge that they have acquired from second-year economics courses. Students are also exposed to the policy implications of monetary theory and to the assessment of policy tools and targets, with special emphasis on current issues.

LEARNING OUTCOMES:

As a result of taking this course, the student should be able to:

1. Demonstrate knowledge and understanding of the role of money and other financial assets in the process of economic growth and development.
2. Discuss and critically evaluate the major theories of money, prices, and interest rates.
3. Demonstrate detailed knowledge of monetary and credit policy tools, their efficacy and shortcomings to analyze latest developments in monetary policy.

METHOD OF TEACHING AND LEARNING:

In congruence with the learning and teaching strategy of the college, the following tools are used:

- Classes consist of lectures, class discussions of recent articles in economic journals assigned by the instructor.
- Office Hours: Students are encouraged to make full use of the office hours of their instructor, where they can ask questions and go over lecture material.
- Use Blackboard where instructors post lecture notes, assignment instructions, timely announcements, as well as additional resources.

ASSESSMENT:**Summative:**

1 st assessment: Term project (group project 3,800-4,200 words; presentation of group project; reflective essay on group project – individual, 300-400 words)	50%
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	<table border="1" data-bbox="516 205 1308 310"> <tr> <td data-bbox="516 205 1138 310">Final assessment: In-class written examination (Two-hour, closed-book, essay questions, comprehensive)</td> <td data-bbox="1138 205 1308 310">50%</td> </tr> </table> <p data-bbox="516 380 667 411">Formative:</p> <table border="1" data-bbox="516 411 1313 480"> <tr> <td data-bbox="516 411 1122 480">Formative assessment; group project progress reports</td> <td data-bbox="1122 411 1313 480">0%</td> </tr> </table> <p data-bbox="516 516 1515 583">The formative assessment prepares students for the examinations and ensures that students are actively engaged during the term.</p> <p data-bbox="516 617 1281 684">The 1st assessment tests Learning Outcomes 2 and 3. The final assessment tests Learning Outcomes 1, 2, and 3.</p> <p data-bbox="516 718 1515 884">The final grade for this module will be determined by averaging all summative assessment grades, based on the predetermined weights for each assessment. If students pass the comprehensive assessment that tests all Learning Outcomes for this module and the average grade for the module is 40 or higher, students are not required to resit any failed assessments.</p>	Final assessment: In-class written examination (Two-hour, closed-book, essay questions, comprehensive)	50%	Formative assessment; group project progress reports	0%
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Formative assessment; group project progress reports	0%				
INDICATIVE READING:	<p data-bbox="516 915 824 947">REQUIRED READING:</p> <p data-bbox="516 982 1393 1050">Walsh, Carl E: Monetary Theory and Policy, Cambridge: MIT Press, latest edition.</p> <p data-bbox="516 1083 1382 1150">Journal articles, accessible through the Library, as assigned by the instructor.</p> <p data-bbox="516 1184 906 1215">RECOMMENDED READING:</p> <p data-bbox="516 1251 1352 1318">Lewis, M.K. and Mizen P.D. 2000. Monetary Economics, Oxford: Oxford University Press.</p> <p data-bbox="516 1352 1300 1419">Goodhart, C.A.E. 1989. Money, Information and Uncertainty, London: Macmillan.</p> <p data-bbox="516 1453 1362 1556">Bernanke, B.S., T. Laubach, F.S. Mishkin, and A.S. Posen, 1999: Inflation Targeting: Lessons from the International Experience, Princeton: Princeton University Press.</p> <p data-bbox="516 1589 1281 1656">Mankiw, N. Gregory (ed.), 1994: Monetary Policy, Chicago: University of Chicago Press.</p> <p data-bbox="516 1690 1304 1757">Taylor, John B. (ed.), 1999: Monetary Policy Rules, Chicago: University of Chicago Press.</p> <p data-bbox="516 1791 1453 1858">Brunner, K. and A. H. Meltzer. 1993. Money and the Economy: Issues in Monetary Analysis. Cambridge University Press.</p>				

	<p>Bofinger, P. 2001 Monetary Policy: Goals, Institutions, Strategies and Instruments. Oxford University Press.</p> <p>Mayer, T., J. S. Duesenberry and R. Z. Aliber. Money, Banking and the Economy. W.W. Norton & Co. latest edition.</p> <p>Financial Times (daily)</p> <p>Wall Street Journal (daily)</p> <p>The Economist (weekly)</p>
<p>INDICATIVE MATERIAL: (e.g. audiovisual, digital material, etc.)</p>	<p>REQUIRED MATERIAL: N/A</p> <p>RECOMMENDED MATERIAL: N/A</p>
<p>COMMUNICATION REQUIREMENTS:</p>	<p>Use of appropriate academic conventions as applicable in oral and written communications.</p>
<p>SOFTWARE REQUIREMENTS:</p>	<p>Word, Excel, PowerPoint</p>
<p>WWW RESOURCES:</p>	<p>http://wueconb.wustl.edu/EconFaq/EconFaq.html The Mining Company to Economic Sites: http://economics.miningco.com</p> <p>GPO Gate (Includes <i>Economic Report of the President</i>): http://www.gpo.ucop.edu/catalog/</p> <p>The White House Economics Statistics Briefing Room: http://www.whitehouse.gov/fsbr/esbr.html</p> <p>Federal Reserve Bank Economic Data (FRED): http://wueconb.wustl.edu/EconFaq/EconFaq.html</p> <p>U.S. Bureau of Economic Analysis: http://www.bea.doc.gov/ U.S. Bureau of Labor Statistics: http://stats.bls.gov</p> <p>U.S. Census Bureau (includes U.S. <i>Statistical Abstract</i>): http://www.census.gov</p> <p>Links to Financial Data from Ohio State University: http://www.cob.ohio-state.edu/dept/fin/osudatahtm</p> <p>Organization for Economic Cooperation and Development: http://www.oecd.org</p> <p>International Central Banking Resource Center:</p>

	<p>http://patriot.net/~bernkopf/</p> <p>International Statistical Data Locators and Links: http://www.ntu.edu.sg/library/statdata.htm</p> <p>International Monetary Fund: http://www.imf.org/ World Trade Organization: http://wto.org/</p> <p>U.S. International Trade Commission: http://www.usitc.gov The World Bank (includes <i>World Development Report</i>): http://www.worldbank.org</p> <p>American Enterprise Institute: http://www.aei.org</p> <p>Brookings Institution: http://www.brook.edu/</p> <p>Cato Institute: http://www.cato.org/</p> <p>Fraser Institute: http://www.fraserinstitute.ca/</p> <p>Heritage Foundation: http://www.heritage.org/</p> <p>Institute for International Economics: http://www.iie.com/</p> <p>National Center for Policy Analysis: http://www.ncpa.org/</p> <p>Political Economy Research Center (Environmental Issues) http://www.perc.org/</p> <p>Rand Institute: http://www.rand.org</p> <p>Urban Institute: http://www.urban.org/</p>
<p>INDICATIVE CONTENT:</p>	<ol style="list-style-type: none"> 1. Monetary Theory <ol style="list-style-type: none"> 1.1. Money: definition and measurement 1.2. Money and the real sector: theoretical issues <ol style="list-style-type: none"> 1.2.1. Classical and neoclassical theories 1.2.2. Keynesian model 1.2.3. Monetarism vs. Keynesianism 1.2.4. Rational expectations 1.2.5. Neo-Keynesianism 1.2.6. Contemporary controversies 1.3. Money and the real sector: empirical evidence <ol style="list-style-type: none"> 1.3.1. Demand for money 1.3.2. Supply of money 1.4. Money and interest rates 1.5. Inflation 1.6. Money in dynamic models 2. Monetary Policy <ol style="list-style-type: none"> 2.1. Targets and instruments

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| | <ul style="list-style-type: none">2.2. Effectiveness of monetary policy2.3. Monetary transmission mechanism2.4. Alternative monetary policies2.5. Current monetary policy issues and prospects |
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