

Monetary Economics II: Theory and Policy
AP/ECON 3440 D – Fall 2021

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Course webpage eclass.yorku.ca

Organization In this course, we will be using eClass for posting course materials (including pre-recorded online lectures, presentation slides to facilitate online lectures, practice problem sets and solutions, practice exams and solutions, etc.) and for holding online eClass-based exams. Thus, having stable, higher-speed Internet connection is important to learn the materials and take the online exams for this course. In addition, for some questions in the online exams, you will need to upload files of your handwritten answers. Thus, having photo-taking device or scanner is essential for taking the online exams

Lecture Hours Wednesday 10am-1pm (**Pre-recorded lectures**).
Please note that this is a course that depends on remote teaching and learning. There will be no in-person interactions or activities on campus. The official class meeting time is Wednesday 10am-1pm. Midterm will take place during the scheduled official class meeting time. Although online lectures are pre-recorded and you could learn the course materials at your own pace, there is a correspondence between the various lecture clips and the official meeting dates and times by which you are supposed to learn the materials. Details will be provided on the eClass course website.

Forum for Q&A In place of in-person office hours, I will set up a forum in eClass for you to ask questions, and your TA and I will provide feedbacks and answers to your questions. Since this question-and-answer forum is visible to all students who enrol in the course, if a student has a question, other students could make comments. Make sure that your comments are polite and respectful. If I find any comments that use inappropriate language, I will not only delete the comments from the forum, but I might ban the student who makes such comments from the forum. If you have personal questions that you do not find comfortable to raise in the forum, you could send me or your TA an email instead.

Course description	In Monetary Economics II, we will focus on the theory of central banking and its use of monetary policy to control inflation and affect other macroeconomic outcomes such as real GDP, unemployment, and interest rate. We shall study money supply and money demand and how they interact in the macroeconomy. We shall also discuss rule versus discretion in monetary policy making and the issue of central bank independence.
Prerequisites	Prerequisite: AP/ECON 1000 3.00 and AP/ECON 1010 3.00 or equivalent. Course credit exclusions: GL/ECON 3390 3.00.
Textbook	Mishkin and Serletis, “The Economics of Money, Banking, and Financial Markets” 7 th Canadian edition
Topics covered	We shall cover the following topics: • Not in Textbook: Background Materials about the Real Macroeconomy in the LR and very LR (You could consult an Intermediate Macroeconomics textbook such as Mankiw and Scarth “Macroeconomics” (6th Canadian edition) Ch 3, 7, 8 and 9, but I will try to make it self-contained in the lectures.) • Ch 3: What is Money? • Ch 15: The Money Supply Process • Ch 20: Quantity Theory, Inflation, and the Demand for Money; and Part of Ch 17 about Inflation Targeting • Ch 21: The IS Curve • Not in Textbook: The LM Curve and the IS-LM AD-AS Model (You could consult an Intermediate Macroeconomics textbook such as Mankiw and Scarth “Macroeconomics” (6th Canadian edition) Ch 11, 12 and 14, but I will try to make it self-contained in the lectures.) • Related to Textbook (Parts of Ch 14, 17 and Ch 25 relating to the topic) but mainly my own materials: Time inconsistency problem of monetary policy, rule vs discretion, and the issue of Central Bank Independence • Ch 22-24: AD-AS Model without the LM curve; and Part of Ch 17 about the Taylor’s Rule

You should note that although I use the textbook as the basis for the topics we are discussing for the course, I will also cover some materials that are relevant for the understanding of the various topics but are not covered in the textbook. Roughly about 40% of the course materials will be my own materials (covered in the online pre-recorded lectures) that provide you with a fuller understanding of the topics that correspond to the various chapters and topics of the textbook readings. I shall also cover the textbook materials in more details, or lesser details. You should focus on the materials taught in the lectures and treat the textbook chapters as complementary readings.

The lectures will be delivered through pre-recorded online lecture clips. Presentation slides will be posted to facilitate the online recorded lectures. These presentation slides are NOT meant to be self-sufficient, but should be considered an aid to facilitate the online lectures. During the online recorded lectures, I will show you more detailed analyses with additional handwritten slides that are NOT included in the posted presentation slides.

Evaluation

Online Midterm Exam (Oct 27, 2021, Wed, 10am-12:30pm)	40%
Online Final Exam (Final Exam Period, cumulative)	60%

The midterm exam will take place during class time REMOTELY via eClass. **There will be no make-up exam for the midterm.** If you miss the midterm exam for any reason, the weight will be transferred to the final. Each online exam will consist of both multiple choice (MC) questions and problem-solving questions that you have to fill in your answers or upload files of your handwritten answers to the corresponding questions.

Final course grades may be adjusted to conform to Program or Faculty grades distribution profiles.

IMPORTANT INFORMATION FOR STUDENTS

All students are expected to familiarize themselves with the following information, available on the Senate Committee on Curriculum & Academic Standards webpage;

<https://secretariat-policies.info.yorku.ca/>

- York's Academic Honesty Policy and Procedures/Academic Integrity Website
- Ethics Review Process for research involving human participants
- Course requirement accommodation for students with disabilities, including physical, medical, systemic, learning and psychiatric disabilities
- Student Conduct Standards
- Religious Observance Accommodation

Important Dates: <https://registrar.yorku.ca/enrol/dates/fw20>

Here are some useful links for student computing information, resources and help:

[Student Guide to eClass/Moodle](#), [Computing for Students Website](#), [Student Guide to eLearning at York University](#)

FAQs for eClass can be found here - <https://lthelp.yorku.ca/faq>

Academic honesty and integrity

In this course, we strive to maintain academic integrity to the highest extent possible. Please familiarize yourself with the meaning of academic integrity by completing SPARK's Academic Integrity module at the beginning of the course. Breaches of academic integrity range from cheating to plagiarism (i.e., the improper crediting of another's work, the representation of another's ideas as your own, etc.). All instances of academic dishonesty in this course will be reported to the appropriate university authorities, and can be punishable according to the Senate Policy on Academic Honesty.