



York University
Department of Economics
AP/ECON 3430M

MONETARY ECONOMICS I: Financial Markets and Institutions
Winter 2024.

Course Name and Term

AP/ECON 3430M MONETARY ECONOMICS I - Winter 2024.

Pre-requisites

AP/ECON 1010 or equivalent. Basic algebra will be used.

Course Webpage

Eclass.yorku.ca. Please visit the web site regularly for announcements, problem sets, old exams, and solutions.

Course Instructor

Professor Ahmet Akyol.

Office: Vari Hall 1050.

Email: akyol@yorku.ca.

Lecture Hours: W 11:30am-2:30pm.

Office Hours: M 10:00am-12:00pm.

Course Description

We will study the principal financial institutions and markets in the Canadian economy. We will build economic models to analyze the economic function, regulation, and operational features of these institutions and markets. We will contrast these institutions with “optimal” allocations as well as those in other countries. Our approach to reach these goals will be model-based. There will be a lot of emphasis on the tools to analyze topics, and not so much on the institutional details. This approach will allow you to adjust the models you learn as institutions are not constant over time or across different countries. Furthermore, you can also use these tools in other economics courses (e.g. public finance or labour economics.)



Required Textbook:

Champ, B. Freeman, S., and Haslag J. *Modeling Monetary Economies*, Cambridge University Press, 5th Edition 2022.

Evaluation:

There will be a midterm and a final exam. The midterm will be held on **February 28th** (during class time). The final exam will cover **all** material discussed in class. The date of the final exam will be determined by the Registrar's Office. Let your scores on the midterm and final exam be m and f respectively. Your grade will be based on the following formula:

$$\max \{0.3m + 0.7f, f\}.$$

Rules:

1. There will be **no** make-up exam for the midterm exam. If you miss the midterm test for any reason, your final exam will have a weight of 100% of your grade.
2. The grades may be scaled to conform with the regulations of the Faculty of LA&PS. (For example, 79% is a **B+**, not an **A**.)
3. A student that misses the final exam and requests deferred standing, must consult the Economics Department's Policies for Deferred Standing, available **at this link here**.
4. Please do **NOT** email me any deferred standing request form or doctor's note.
5. Students who may require further extensions or accommodation will have to submit a formal petition to the Faculty.
6. You are required to pay attention to the Important Dates for the Fall/Winter 2023-2024 academic year, available **at this link here**.

Topics:

1. The Overlapping Generations Model and the Planner's Solution: Chapter 1.
2. Equilibrium Trade in the Economy without Money: Chapter 2.
3. A Simple Model of Money: Chapter 3.
4. Capital: Chapter 8.



5. Liquidity and Financial Intermediation: Chapter 9.
6. Central Banking: Chapter 10.
7. Money Stock Fluctuations: Chapter 11.
8. Bank Risk and Diamond-Dybvig Model: Chapter 14 (if time permits).
9. Liquidity Risk and Bank Panics: Chapter 15 (if time permits).

Senate Rules on Academic Honesty and Religious Observance Accomodation:

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