



York University  
Department of Economics  
AP/ECON 3430 M

MONETARY ECONOMICS: Financial Markets and Institutions  
Fall 2024.

### **Course Name and Term**

AP/ECON 3430M MONETARY ECONOMICS: Financial Markets and Institutions– Fall 2024.

### **Pre-requisites**

AP/ECON 1000 and AP/ECON1010 or equivalents. Basic algebra will be used.

### **Course Webpage**

<https://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](mailto:akyol@yorku.ca).

Lecture Hours and Location: W 11:30am–2:30pm, at the SLH-F.

Office Hours: M 11:00am–1:00pm.

### **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. The cost of the paperback edition is \$68.95 at the **Indigo Book Store**.

### Evaluation:

There will be a midterm and a final exam. The midterm will be held on February 26 (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 test.** 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 Economy 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. Inflation: Financing Government Transfers and Spending: Chapter 5.
5. Capital: Chapter 8.
6. Liquidity and Financial Intermediation: Chapter 9.
7. Central Banking: Chapter 10.
8. Money Stock Fluctuations: Chapter 11.
9. Bank Risk and Diamond-Dybvig Model: Chapter 14 (if time permits).

**Note on Academic Honesty:**

Academic integrity is a fundamental and important value of York University. To maintain a fair and honest learning environment, students in this course are responsible for understanding and upholding academic integrity in all of their academic activities. To better understand expectations, familiarize yourself with the Senate Policy on Academic Conduct. To learn more about how to demonstrate academic integrity in your courses and to access related resources and support, visit the Academic Integrity website.

**Important Dates:**

For important dates (exam weeks, holidays, religious observance, etc.), please visit the Registrar's webpage.

**Withdrawal Policy:**

Please go to this page here.