

York University
Department of Economics
Faculty of Liberal Arts and Professional Studies
AP/ECON 3440 3.0 AF
Monetary Economics: Theory and Policy
Fall 2026

Instructor	Professor Tasso Adamopoulos
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Contact	Email: aadamo@yorku.ca
Lecture Hours	Mon. & Wed., 1:00 p.m. – 2:30 p.m., at SLH-C.
Office Hours	Mon. & Wed., 11:45 a.m. – 12:45 p.m., VH 1036.
Course Web Page	https://eclass.yorku.ca/course/view.php?id=158817 The Eclass page will be used extensively for posting announcements, lecture notes, practice questions and solutions. There you will also find the links for the lectures slides for each lecture.
Teaching Assistance	TBA
Course Description	The purpose of this course is to introduce students to a set of topics in contemporary monetary economics. The primary approach of the course is to stress the theoretical micro-foundations behind money, by modeling the behavior of rational agents in a market setting. In the context of this theoretical framework, the course will examine topics such as why agents hold money, the quantity theory of money, the inefficiency of inflation, the effect of surprise inflation and the Lucas Critique, the effect of monetary policy on national debt, and commitment issues in the conduct of monetary policy, among others.
Textbook	The required textbook is <i>Modeling Monetary Economies</i> (5 th Edition), by Bruce Champ, Scott Freeman, and Joseph Haslag, Cambridge University Press 2022. The cost of the book from Day1Digital, available from the course Eclass page, is \$75 (tax exempted), while in hardcover is \$76.95 + HST (York Bookstore, pending pricing confirmation).
Evaluation	Midterm Test (worth 40%): <u>Wednesday, October 28 2026</u> , during class time Final Exam (worth 60%): <u>December exam period</u> The midterm exam will be held during class time in-person. There will be no make-up exam for the midterm. For students that provide appropriate and timely documentation for missing the midterm, the weight will be transferred to the final exam. The date/time of the in-person final exam will be set at a later date and announced well in advance. The final exam will include <u>all</u> the material covered in the course. A student that misses the final exam and requests deferred standing, must consult the <i>Guidelines for Deferred Standing</i> , available at: https://www.yorku.ca/laps/econ/undergraduate-programs/academic-resources/departments-policies/deferred-standing/ Students who may require further extensions or accommodation will have to submit a formal petition to the Faculty. The grades may be scaled to conform to the regulations of the Faculty of LAPS.

Prerequisites AP/ECON 1000 3.0, AP/ECON 1010 3.0 or equivalents. Basic algebra will be used in the course.

Course Credit Excl. GL/ECON 3390 3.0 (Prior to Fall 2009: AK/ECON 3440 3.0, GL/ECON 3390 3.0).

Course ADD/Drop Deadlines

	Fall Term 2026 (F)	Winter Term 2027 (W)
Last date to add a course (also see Financial Deadlines)	September 22	January 14
Last date to drop a course without receiving a grade (also see Financial Deadlines)	November 10	March 8
Course Withdrawal Period (withdraw from a course and receive a grade of "W" on transcript – see note below)	Nov. 11 - Dec. 8	March 9 - April 5

****Fall/Winter 2026-2027 Important Dates:** <https://registrar.yorku.ca/enrol/dates/2026-2027/fall-winter>

Topics Outline The topics that will be covered are as follows.

1. *The Overlapping Generations Model of Fiat Money*
 - Chapters 1 & 2 & 3.
2. *Inflation and Seigniorage.*
 - Chapter 5.
3. *Price Surprises and the Lucas Critique*
 - Chapter 7.
4. *Deficits / National Debt*
 - Chapter 16.
5. *Savings and the Effect of National Debt*
 - Chapter 17: Savings / Investment.
 - Chapter 18: Effect of National Debt on Savings.
6. *Time Inconsistency of Monetary Policy*
 - Chapter 19: The Temptation of Inflation.
 - Kydland and Prescott (JPE, 1977): Rules vs. Discretion.

IMPORTANT COURSE 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

Please also see the [New Academic Conduct Policy](#) (effective September 1, 2024).