

## Economics 541 (01) Monetary Theory

Instructor:	Apostolos Serletis	Lecture Location:	EDC 280
Email:	Serletis@ucalgary.ca	Lecture Days/Time:	TR 12:30 – 13:45
Office:	SS 438		
Office Hours:	TR: 14:00 – 15:00	Winter 2022	

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### Course Description:

This course looks at monetary economics through a theoretical lens and develops a benchmark model to understand the interactions between real and monetary factors. The principal issues it covers lie at the heart of such important social problems as economic growth, inflation, and deficits and debts.

### Course Objective:

The objective is to help students understand the ideas, controversies, and techniques that constitute modern monetary theory. Nonconventional monetary policy at the 'zero lower bound' is also discussed, and the empirical study of many issues raised in theoretical debates is emphasized.

### Course Learning Outcomes:

After completing this course, students will know

- The goals of monetary policy, the strategies for the conduct of monetary policy, and the tools that central banks use to conduct monetary policy.
- The interaction between fiscal and monetary policy and how the new fiscal theory of the price level suggests that fiscal policy can be a determinant of the price level.
- How monetary and fiscal policies affect inflation, the government budget, and economic activity.
- How public expectations of the economy are formed, how they affect the economy, and how the theory of rational expectations has shaped current policy-making models and debates.

### Prerequisites:

Economics 341, 357 and 359.

### Corequisite:

Economics 395.

### Required Textbook(s):

- [1] Mishkin, F.S. and A. Serletis, *The Economics of Money, Banking, and Financial Markets: 7<sup>th</sup> Canadian Edition*, Pearson 2020.

[2] Serletis, A. *The Demand for Money: Theoretical and Empirical Approaches*, Springer, 2007.

**Reserved Readings:**

[3] Friedman, B.M. and F.H. Hahn (Eds.). *Handbook of Monetary Economics*, Vols. 1 & 2. North-Holland (1990).

[4] Friedman, B.M. and M. Woodford (Eds.). *Handbook of Monetary Economics*, Vols. 3A & 3B. North-Holland (2011).

[5] Chugh, S.K. *Modern Macroeconomics*, MIT Press (2015).

**Course Outline:**

1. Central Banking and the Conduct of Monetary Policy

[1] Chapters 14 - 17

2. The Demand for Money

[1] Chapter 20

[2] Chapters 7 – 9

[3] Chapter 8

3. Monetary and Fiscal Policy

[1] Chapters 21, 22, 23, 26

[2] Chapters 1, 2, 5

[4] Chapter 17

4. Money and Inflation

[1] Chapter 24

[2] Chapter 6

5. The Role of Expectations

[1] Chapter 25

[2] Chapter 3

6. Monetary Policy in the Intertemporal Framework

[3] Chapter 6

[5] Chapter 15

6. Monetary Fiscal Interactions

[5] Chapter 16

[4] Chapter 17

**Desire2Learn:**

This course will make use of the Desire2Learn (D2L) platform. Students who are registered in the course can log on at <http://d2l.ucalgary.ca> through their student centre. Please note that D2L features a class e-mail list that may be used to distribute course-related information. These e-mails go to your University of Calgary e-mail addresses only.

**Grade Determination and Final Examination Details:**

There will be one midterm test and a Registrar scheduled final examination. The weights of these in the course grade are as follows:

Midterm (March 3)	50%
Final Examination	50%
Total	100%

The official grading system will be used. See <http://www.ucalgary.ca/pubs/calendar/current/f-1-1.html>.

A passing grade on any particular component of the course is not required for a student to pass the course as a whole.

If a student's letter grade on the final exam exceeds their midterm(s) letter grade, the weight of the midterm(s) may be transferred to the final exam at the discretion of the instructor. The student must have written the midterm(s) or provided supporting documentation for the absence(s) such as a medical note or statutory declaration.

As per the Writing Across the Curriculum Statement in the Calendar, writing and grading thereof will be a factor in the evaluation of student work. See <https://www.ucalgary.ca/pubs/calendar/current/e-2.html>.

Course material dealing with a particular assignment will typically be covered in class at least one week before the assignment is due; thus, assignments can be completed at any time up to and including the due date. Given these factors, only situations where someone can document illness or domestic affliction for an extended period (i.e., the entire week prior to the due date) would possibly warrant shifting the assignment weight to the final exam.

Any student work which remains undistributed after the last day of classes will be available to students through the instructor's office during the instructor's office hours.

The final examination will be comprehensive, scheduled by the Registrar, held in a classroom, and last two hours. If a student cannot write their final exam on the date assigned by the Registrar's Office, they need to apply for a deferred exam <https://www.ucalgary.ca/pubs/calendar/current/g-6.html>. Under no circumstance will this be accommodated by the Department.

Tests and exams will not involve multiple choice questions and / or fill-in-blank questions.

Programmable calculators, cellphones, textbooks, course notes, and other electronic devices will not be allowed during the writing of tests or final examinations. Students are reminded that simply being able to access their cellphone during an exam is academic misconduct.

THERE WILL BE NO MAKEUP OR DEFERRED QUIZZES/TESTS/EXAMS under any circumstances, nor may the quizzes/tests/exams be written early. Students unable to write the quizzes/tests/exams because of documented illness, family emergency, religious observance, or university-sanctioned event will have the weight shifted to the final examination; otherwise a grade of zero will be assigned.

**Reappraisal of Grades:**

*For Reappraisal of Graded Term Work, see Calendar I.2*

<http://www.ucalgary.ca/pubs/calendar/current/i-2.html>

*For Reappraisal of Final Grade, see Calendar I.3*

<http://www.ucalgary.ca/pubs/calendar/current/i-3.html>

**Academic Misconduct:**

Academic Misconduct refers to student behavior that compromises proper assessment of students' academic activities and includes: cheating; fabrication; falsification; plagiarism; unauthorized assistance; failure to comply with an instructor's expectations regarding conduct required of students completing academic assessments in their courses; and failure to comply with exam regulations applied by the Registrar.

Student committing academic misconduct during the final exam will not receive a passing grade for the course.

For information on the Student Academic Misconduct Policy, Procedure and Academic Integrity, please visit: <https://www.ucalgary.ca/pubs/calendar/current/k-3.html>

**Academic Accommodations:**

Students seeking an accommodation based on disability or medical concerns should contact Student Accessibility Services. SAS will process the request and issue letters of accommodation to instructors. Students who require an accommodation in relation to their coursework based on a protected ground other than disability should communicate this need in writing to their instructor. The full policy on Student Accommodations is available at

<https://www.ucalgary.ca/legal-services/university-policies-procedures/accommodation-students-disabilities-procedure>

**Freedom of Information and Protection of Privacy (FOIP) Act:**

Personal information is collected in accordance with FOIP. Assignments can only be returned to the student and will be accessible only to authorized faculty and staff. For more information, see <https://www.ucalgary.ca/legal-services/access-information-privacy>

**Copyright Legislation:**

See the University of Calgary policy on Acceptable Use of Material Protected by Copyright at <https://www.ucalgary.ca/legal-services/university-policies-procedures/acceptable-use-material-protected-copyright-policy> Students who use material protected by copyright in violation of this policy may be disciplined under the Non-Academic Misconduct Policy.

Course materials created by instructors (including presentations and posted notes, labs, case studies, assignments and exams) remain the intellectual property of the instructor. These materials may NOT be reproduced, redistributed or copied without the explicit consent of the instructor. The posting of course materials to third party websites such as note-sharing sites without permission is prohibited. Sharing of

extracts of these course materials with other students enrolled in the course at the same time may be allowed under fair dealing.

**Recording of Lectures:**

Recording of lectures is prohibited, except for audio recordings authorized as an accommodation by SAS or an audio recording for individual private study and only with the written permission of the instructor. Any unauthorized electronic or mechanical recording of lectures, their transcription, copying, or distribution, constitutes academic misconduct. See <https://www.ucalgary.ca/pubs/calendar/current/e-6.html>.

**Important Dates:**

Please check: <http://www.ucalgary.ca/pubs/calendar/current/academic-schedule.html>.

**Student Organizations:**

Faculty of Arts Students' Association (F.A.S.A.):

Economics Department Representative

E-mail: [econrep@fasaucalgary.ca](mailto:econrep@fasaucalgary.ca)

Website: [www.fasaucalgary.ca](http://www.fasaucalgary.ca).

Society of Undergraduates in Economics: <https://www.ucalgarysue.com/>.

Society of Undergraduates in Economics is a student run organization whose main purpose is to assist undergraduate economics students to succeed both academically and socially at the University of Calgary. Services include access to the exam bank, career events such as Industry Night and information sessions, mentorship programs, and social events for members. They invite you to join by contacting SUE at [societyofundergradsineconomics@gmail.com](mailto:societyofundergradsineconomics@gmail.com).

**Faculty of Arts Program Advising and Student Information Resources:**

- Have a question, but not sure where to start? The Arts Students' Centre is your information resource for everything in Arts! Drop in at SS102, call them at 403-220-3580, or email them at [artsads@ucalgary.ca](mailto:artsads@ucalgary.ca). You can also visit the Faculty of Arts website at <http://arts.ucalgary.ca/undergraduate>, which has detailed information on common academic concerns, including program planning and advice.
- For registration (add/drop/swap), paying fees and assistance with your Student Centre, contact Enrolment Services at 403-210-ROCK [7625] or visit them in the MacKimmie Tower.

**Student Support and Resources:**

- See <https://www.ucalgary.ca/registrar/registration/course-outlines> for information on campus mental health resources, the Student Ombuds Office, Student Success Centre, Safewalk, and Emergency Evacuation and Assembly.
- Online writing resources are available at <https://ucalgary.ca/student-services/student-success/writing-support>.

**Notes:**

Students are responsible for all assigned material, e.g., supplementary material posted on D2L, regardless of whether or not the material was covered in class

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