Aims

EC3323, Monetary Economics is a third year undergraduate course. Its aim is to gain insight into more recent approaches to monetary policy, and to developments in understanding and applying such policy. Students should have a solid grounding in microeconomics, macroeconomics and mathematics, including calculus.

Learning Outcomes

The Main objectives of the course will be to understand the role of money in the economy as well as to understand some models where inflation shows persistence, the theory of monetary policy, monetary policy operating procedures and the central banking mechanisms. By the end of the course, you should understand, among other things, why inflation is persistent in the data and how the political forces affecting monetary policy making may affect inflation.

Course Delivery

The course will be delivered through a two-hours lecture and a one-hour seminar each week. Prescribed readings are provided for each week of the course. Seminars will provide an opportunity for further investigation and manipulation of models, and to solve assigned problems, as well as to discuss current policy issues in macroeconomics.

Assessment

Formative assessment:
   o Weekly problem sets / seminar homework questions. Students are encouraged to complete by writing the weekly seminar homework questions in advance. Those assignments will be discussed during seminars and will not have a formal weight in the final mark.

Summative assessment:
   o 2-hour unseen examination, which contributes 75% of the final mark and is taken during the Exam Term. The exam will test your knowledge and understanding of the material covered in the course; your ability to manipulate diagrammatic and algebraic versions of the models you have learned; your ability to apply models to ‘real’ economic situations; your ability to critically appraise models and their application.
Coursework, in the format of a 2000 to 3000 words essay, is due by the end of the last week of the term: 23:59 on 29 March 2019. The coursework contributes 25% of the final mark and will give you the chance to demonstrate your understanding of the contents learned and to develop your ability to critically analyse arguments and finish a project.

**Reading**

*We will rely mainly on the following textbooks:*


Some of the material will come from research papers and articles summarizing cutting-edge issues or state-of-the-art debates.

**Weekly Class Schedule**

- **Week 01. A Broad Overview of the Monetary Economics Field**
- **Week 03. The Money Supply Process**
- **Week 04. The Tools of Monetary Policy**
- **Week 05. The Conduct of Monetary Policy: Strategy and Tactics**
- **Week 06. Reading week, no classes**
- **Week 07. Quantity Theory, Inflation, and the Demand for Money**
- **Week 08. Monetary Policy Theory**
- **Week 09. Transmission Mechanisms of Monetary Policy**
- **Week 10. Financial Crises**
- **Week 12. Reading week, no classes**

Please note that the weekly schedule is subject to change.