We acknowledge and respect the Lak^{w}anan (Songhees) and X^{w}sepsam (Esquimalt) Peoples on whose territories the University of Victoria stands, and the Lak^{w}anan and WSANEC Peoples whose historical relationships with this land continue to this day.

Course Outline
Econ 406-A01
Monetary Economics (CRN:31303)
Summer 2026

Instructor: Alok Kumar
Office: BEC 334
Class: Tuesday, Wednesday and Friday, 10:30 -12:20, Room Clearihue A208
Office Hours: Monday, 11:00-12:30, BEC 334
Tel: 721-8543
Email: kumara@uvic.ca

T.A.: Isaac Otoo
Email: isaacotoo@uvic.ca
Office Hours: TBA

Teaching Modalities and Teaching Expectations: This course is face to face and all exams are held in person.

Course Description

This course will cover several topics in monetary theory and policy such as money and business cycle, inflation, role of central bank and conduct of monetary policy, conventional and unconventional monetary policies, instability in financial markets and determination of exchange rates. These issues will be analyzed using macroeconomic models with flexible and fixed prices (New-Keynesian monetary models). These models are widely used by economists and policy makers to study monetary issues. Students will learn to analyze monetary issues in a general equilibrium framework using formal economic models. They are expected to be comfortable with unconstrained and constrained optimization tools and methods.

Prerequisites: Complete all of the following: ECON204 - Intermediate Macroeconomics and ECON313 - Intermediate Microeconomics II. Complete one of: ECON225 - Writing for Economists, ENGR120 - Design and Communication II, ENGR240 - Technical Writing

Recommendations: ECON 305 - Money and Banking is recommended prior to ECON 406.

Learning Outcomes

- Characterize business cycles.
- Use general equilibrium models to analyze monetary issues.
- Understand the role of central bank in stabilizing economy.
- Learn the conduct and implementation of monetary policies.
- Learn the causes and consequences of instability in financial markets and bank-runs.

Required Reading Material

Text-Book – Macroeconomics, 6th Canadian Edition by Stephen D. Williamson, Pearson Canada, 2021, along with its **mathematical appendices**.

Lecture notes and slides.

Important Remark:

1. It is an advanced undergraduate course. One of the goals of this course is to learn to develop formal economic models and to use them for the analysis of monetary issues. The mathematical appendices of the text-book and lecture notes and slides develop and provide required mathematical and econometric methods and models. Students are expected to carefully go through these material and learn them.
2. The text-book comes with online **MyLab Economics** resource (*https://mlm.pearson.com/northamerica/*). Students can complete the end-of-chapter problems and receive feedback and tutorial help using this resource.

Grading :

Grading will be based on one take-home assignment, three in-class exercises, a mid-term examination and a final examination. Weights: Take-Home Assignment – 20%, In-Class-Exercises – 15%, Mid-Term Examination– 25%, Final Examination – 40%.

Mandatory Components: In order to pass this course students must write both the final examination and mid-term examination. All examinations will be **closed-book** examinations.

Mid-Term Examination: Duration: 1 Hour, 10:30-11:30, Friday, August 7th, in class. Regular class will take place following 10 minute break after the examination.

Final Examination: Duration: 90 minutes, 21st August (last day of class). The final examination will be held in class during regular class hours (10:30-12:00). It will be cumulative and will be based on all the material covered in the course.

Take-Home Assignment: Due Date: Friday, 14th August in class. The assignment must be submitted in class as a hard copy. It must be **typed and properly stapled**. Email submissions will not be accepted. I will post this assignment on **Brightspace** at least three weeks before the due date. Late submissions will not be marked.

In-Class Exercises: In-class exercises must be done in class on the due dates given below. Students will get 30 minutes to complete these exercises towards the end of class. These exercises will be set such that they can normally be done within 20 minutes so that every student has sufficient time to answer them. I will post a set of questions and their solutions on **Brightspace** one week in advance on which in-class exercises will be based. This will allow students ample time to prepare for these questions. Students will be asked to answer a sub-set of these questions in class. Grades for in-class exercises will be based on the **best 2 out 3**. Thus the best two in-class exercises will have weight of 7.50% each.

Due Dates:

1st in-class exercise: Wednesday, 22nd July

2nd in-class exercise: Friday, 31st July

3rd in-class exercise: Tuesday, 18th August

Important Remarks

1. If you miss the take-home assignment or any in-class exercise no make-up assignment/exercise will be given.

2. The use of AI is not permitted for doing take-home assignment. Should you violate this rule, you will have violated UVic's Policy on Academic Integrity available at *https://www.uvic.ca/calendar/future/undergrad/index.php#/policy/Sk_0xsM_V* and a complaint against you under this policy will be filed accordingly.

3. The assignment and in-class exercises will help you in learning the subject and prepare for examinations. However, they are not sufficient to do well in examinations and have a good grasp of the course material. Students are expected to go through all the reading material and regularly attend the lectures.

I will cover following chapters from the text-book. I will post lecture notes and slides on **BRIGHTSPACE**. I may add some more material as the course progresses.

Topics/Chapters:

1. Math Preliminaries: Lecture Note/Slides

2. Business Cycle Measurement

Chapter 3 and Lecture Note: Decomposing a time-series in long term and cyclical trends and characterizing business cycle.

3. A Real Inter-Temporal Model With Investment

Chapter 9: Pages 226-251, Chapter 11: Pages 289-327, Mathematical Appendix, Pages 529-533 and Lecture Note/Slides.

4. A Monetary Inter-Temporal Model: Flexible Price Model

Chapter 12: Pages 332-353, Mathematical Appendix: Pages 534-537 and Lecture Note/Slides.

5. Business Cycle: The New-Keynesian Model

Chapter 13: Pages 372-386 and Lecture Note/Slides.

6. Inflation: Phillips Curves

Chapter 14: Pages 390-399 and Lecture Note/Slides.

7. Money in the Open Economy: Flexible Exchange Rate

Chapter 16: Pages 439-450, Pages 464-466 and Lecture Note/Slides.

8. Bank Runs, Instability of Financial System and Unconventional Monetary Policies

Chapter 14: Pages 399-404 and Lecture Note/Slides.

Other Readings:

Williamson, S. D. (2020), "The Role of Central Banks", *Canadian Public Policy*, June 2020, 198-213.

Bernanke, Ben (2020), "The New Tools of Monetary Policy", *American Economic Review*, 110, 943-983.

Some Important Comments

1. **Grade Concerns:** Students who have questions or concerns regarding their grade should discuss with me during office hours. **All concerns must be brought to my attention no later than one week after the graded material was returned**. After one week, any assigned grade is final.

2. **Failed Exams:** Failed exams cannot be retaken and no extra work can be done to improve your grade.

3. **Make-Up Mid-Term Exam:** If a student misses the midterm examination due to health reasons, family afflictions or other unforeseen circumstances, it must write the make-up mid-term examination. The time and place of make-up mid term exam will be announced later. A student wishing to write the make-up mid-term examination must fill and submit the **in-course concession form** and email it to me at *kumara@uvic.ca*. The in-course concession form is available at ***https://www.uvic.ca/socialsciences/economics/undergraduate/undergraduate-courses/forms/index.php***.
Only those students whose requests have been approved by me will be able to write the make-up exam.

4. **Missed Make-Up and Final Exams**: In the event that you miss the make-up mid-term examination or final examination due to illness or family

affliction or other unforeseen circumstances, please consult the Academic Concessions portion of the Registrar's website to determine whether you qualify for a late drop or a withdrawal under extenuating circumstances.

5. **Examination Dates Conflict**: It is your duty to ensure that examination dates of this course do not clash with your other examinations.

6. **Plagiarism and Cheating:** Students must abide by UVic academic regulations and observe standards of scholarly integrity (no plagiarism or cheating). Students who are found to have engaged in unethical academic behavior are subject to penalty by the University. The web-site has an excellent description of plagiarism which you may wish to consult ***https://www.uvic.ca/calendar/future/undergrad/index.php#/policy/Sk_0xsM_V.***

7. The university reserves the right to use a plagiarism software to detect violations of academic integrity.

8. **Policy on Inclusivity and Diversity:** The University of Victoria is committed to promoting, providing and protecting a positive and safe learning and working environment for all its members.

9. **Travel Plans:** Students are advised not to make travel plans until after the examination timetable has been finalized. Students who wish to finalize their travel plans at an earlier date should book flights that depart after the end of the examination period (see the University Calendar). There will be no special accommodation if travel plans conflict with the examination.

10.**Letter Grading:** Numerical score (%) equivalencies used in the Department are as follows:

A+ $\geq$ 90% A 85-89% A- 80-84%	B+ 77-79% B 73-76% B- 70-72%	C+ 65-69% C 60-64% D 50-59%	F $<$ 50%

For the grading scale and expectations, please see summary of grading.

11. **DEF Grade:** Students who have not completed all course requirements at the time of grade submission are advised to obtain a *Request for Academic Concession* form for a DEF grade.

12. **Course Policies:** The University and the Departmental course policies can be found at

https://www.uvic.ca/socialsciences/economics/undergraduate/undergraduate-courses/course-policies/index.php.

This document summarizes departmental and university policies on academic concessions, academic integrity (plagiarism and cheating), attendance, grading, inclusivity and diversity, late adds, late assignments, repeating courses, review of an assigned grade, students with a disability, term assignments and debarment from exams, end-of-term travel plans, waitlists, and sexualized violence prevention and response.

13. **E-Mails:** Emails should be limited to critical matters, such as inability to attend class, an exam, or prolonged illness, and should include the course name and number in the subject line. Questions on course material should be asked during classes or office hours. The standard format for writing a letter must be used. This means it should start off with a salutation (e.g. Dear) include full sentences and conclude with a signature that includes your name (e.g. Sincerely, your full name). Text message lingo should not be used.

14. It is the responsibility of students to check their registration status and keep it up to date.

15. **Sexualized Violence Prevention and Response**: UVIC takes sexualized violence seriously, and has raised the bar for what is considered acceptable behaviour. Students are encouraged to learn more about how the university defines sexualized violence and its overall approach by visiting www.uvic.ca/svp. If you or someone you know has been impacted by sexualized violence and needs information, advice, and/or support please contact the sexualized violence resource office in Equity and Human Rights (EQHR). Contact svpcoordinator@uvic.ca.

16. From time to time there will be other announcements and they will be posted on BRIGHTSPACE. It is the responsibility of students to visit BRIGHTSPACE regularly.

Important Note: I value your feedback on this course. Towards the end of term you will have the opportunity to complete a confidential course experience survey (CES) regarding your learning experience. The survey is vital to providing feedback to me regarding the course and my teaching, as well as to help the department improve the overall program for students in the future. When it is time for you to complete the survey, you will receive an email inviting you to do so. If you do not receive an email invitation, you can go directly to http://ces.uvic.ca. You will need to use your UVic NetLink ID to access the survey, which can be done on your laptop, tablet or mobile device. I will remind you nearer the time, but please be thinking about this important activity, especially the following three questions, during the course.

1. What strengths did your instructor demonstrate that helped you learn in this course?

2. Please provide specific suggestions as to how the instructor could have helped you learn more effectively.

3. Please provide specific suggestions as to how this course could be improved.