

We recognize with respect the WSA NEC (Saanich), Wyomilth (Esquimalt), and Lkwungen (Songhees) peoples on whose territories the University of Victoria stands, and whose relationships with this land remain profound today.

Course Outline
Econ 406-A01
Monetary Economics (CRN:21097)
Winter 2023

Instructor: Alok Kumar

Office: BEC 334

Class: Monday and Thursday, 1:00 -2:20 pm, Cornett B112

Office Hours: Tuesday, 11:00-12:30, BEC 334

Tel: 721-8543

Email: kumara@uvic.ca

TA: TBA

TA Email: TBA

T.A. Office Hours: TBA

This course will cover several topics in monetary theory and policy such as the role of money and financial intermediaries in the economy, determination of exchange rate, asset pricing, conduct of monetary policy, the stability of financial system and the Great Recession and conventional and unconventional monetary policies. These issues will be analyzed formally using the overlapping generations (OLG) and Keynesian models. These models are widely used by economists and policy makers to study monetary issues. Students will learn to analyze monetary issues in a dynamic general equilibrium framework. Students are expected to be comfortable with unconstrained and constrained optimization tools and methods.

Recommended Textbooks:

Modeling Monetary Economies, 5th Edition, Bruce Champ, Scott Freeman and Joseph Haslag, Cambridge University Press, 2022.

Important Remark: You may find it useful to have access to the text-book. Most of the practice questions will be from the text-book.

Grading :

Grading will be based on two mid-term examinations and a final examination. Weights: Mid-Term Examinations– 50%, Final Examination – 50%.

In order to pass this course students must attempt the final examination and at least one of the mid-term examinations. All examinations will be **closed-book** examinations.

Mid-Term Examinations: Duration: 1 Hour.

Mid-Term Examination I: 1:00 -2:00, Thursday, 2nd February in class.

Mid-Term Examination II: 1:00 -2:00 Thursday, 2nd March in class.

Final Examination: Duration: Two Hours, TBA.

I will cover following chapters from the text-book. I will post lecture notes, slides, practice questions and their solutions, and past exams on BRIGHTSPACE.

Topics/Chapters:

Math Preliminaries: Lecture Note/Slides

Chapter 1: The Economy and the Planner’s Solution

Chapter 3: A Simple Model of Money

Chapter 5: Inflation

Chapter 8: Capital

Chapter 9: Liquidity and Financial Intermediation, pages 166-173

Exchange Rate, Asset Pricing and Conduct of Monetary Policy: Lecture Note/Slides

Chapter 14: Bank Risk (Diamond-Dybvig Model)

The Great Recession, Monetary Policy and Instability of Financial System: 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 Exams:** No make up exam for the first midterm. Weight of the first mid-term will be shifted to the final exam. If a student misses second midterm exam, the student can choose to write a make-up second mid-term exam or transfer the weight to the final exam.
4. **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, including the practices described on page 31 of the Calendar, are subject to penalty by the University. The Library web-site has an excellent description of plagiarism which you may wish to consult *http : //library.uvic.ca/site/lib/ instruction/cite/plagiarism.html*.
5. **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. (UVic Calendar, p. 11)”
6. **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.

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

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

For the grading scale and expectations, please see <http://web.uvic.ca/calendar2017-05/undergrad/info/regulations/evaluation.html#>.

8. **Academic Concession for work that will be completed before course grades are submitted by the instructor:** A student whose academic performance is affected by injury, family or personal affliction, or illness should immediately consult with University Counseling Services, University Health Services, or another health professional, and may request, directly from the course instructor, deferral or substitution of a mid-term test or examination, or of other work which is due during the term. This request must be accompanied by supporting documentation from the health professional and must specifically cover the date of the missed examination or assignment deadline. It should normally be dated on or before the exam/deadline date and be submitted to the instructor within 10 days of this date. All work for which a Concession is approved must be completed before course grades are submitted by the instructor.

9. **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.

10. **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 live sessions (office hours or Tuesday). 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.

11. **Course Policies:** The University and the Departmental course policies can be found at http://web.uvic.ca/econ/undergraduate/course_policies.php

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

13. **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.

14. 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.