

ECON 4579 MONETARY ECONOMICS(3 credit hours)

Elmira College

SPRING 2025

Required Text:

Stephen G. Cecchetti(2021). *Money, Banking and Financial Markets*(6th ed.). McGraw-Hill Higher Education.

Supplemental readings might be included to illustrate or expand on textbook readings.

Pre-requisites: ECON 2042 Macroeconomic Theory I; ECON 2135 Econometrics I

Course Description

This course is a comprehensive study of the principles and concepts that underpin the modern monetary system. It delves into the mechanisms and channels through which monetary policy influences economic activities, offering students a deep understanding of the financial forces shaping our modern economies. Students will explore the history of money, the functions of central banks, and the role of monetary policy in stabilizing and influencing the macroeconomy.

Course Objectives and Goals

- Understand how changes in monetary policy affect the broader economy;
- Learn the theories and empirical evidence related to inflation and its monetary drivers;
- Explore different theories of the demand for money and gain the ability to empirically verify these theories by analyzing real-world data and economic indicators;
- Be familiarized with the modern interpretation of the Quantity Theory of Money and its implications for the economy, price levels, and the velocity of money;
- Develop the ability to critically evaluate the effectiveness of monetary policies in achieving desired economic outcomes and understand the trade-offs and challenges associated with these policies.

Evaluation of Performance

Your grade will be based upon your performance on exams, assignments, and participation.

Class Participation	10%
4 Quizzes	20%
2 Essays	30%
2 Exams	40%
Total	100%

Grades will be assigned as follows:

A 93% and above B- 80 - 82% D+ 67 - 69%

A- 90 - 92%	C+ 77 - 79%	D 63 - 66%
B+ 87 - 89%	C 73 - 76%	D- 60 - 62%
B 83 - 86%	C- 70 - 72%	F 59% or below

Withdrawal Policy: Please see Elmira College Bulletin for information on this policy.

Academic Honesty: Please read the section on Academic Honesty in the [Code of Conduct](#). Briefly, academic dishonesty includes: cheating, fabrication, facilitating academic dishonesty, and plagiarism. Ask if you have any questions on whether something constitutes as academic dishonesty. All work must be original and new. Past assignments from current or other courses will not be accepted. Academic dishonesty will not be tolerated. It will result in zero on the assignment, and a report will be filed with the school. Continued practice will result in failure of the class. Institutional penalties may also apply with repeated acts of academic honesty.

Student Responsibility:

- It is your responsibility to keep track of assignments and due dates.
- You should ask questions concerning assignments and lectures, if you need any clarifications.
- If you are struggling in class, have concerns, and/or unsure about expectations, please stop by during office hours or make an appointment for another time.

Tentative Schedule of Topics

<u>Topic</u>	<u>Materials</u>	<u>Tasks & Evaluations</u>
The Five Core Principles of Money and Banking	Chapter 1	
Money and the Payments System	Chapter 2	
Financial Instruments, Financial Markets, and Financial In Financial Instruments	Chapter 3	Quiz 1
The Monetary Policy Transmission Mechanism	Chapter 4	
Financial Crises and the Transmission of Monetary Policy	Chapter 5	
The Traditional Channels: Interest Rates and Exchange Rates	Chapter 6	Quiz 2
Bank-Lending and Balance-Sheet Channels	Chapter 7	
Asset-Price Channels: Wealth and Investment	Chapter 8	Essay 1
The Quantity Theory of Money	Chapter 9	
The Demand for Money	Chapter 10	
The Dynamic Aggregate Demand Curve	Chapter 11	Exam 1
Supply of money	Chapter 12	
Output, Inflation, and Monetary Policy	Chapter 13	
The Government's Bank	Chapter 14	
Government Policy and Foreign Exchange Intervention	Chapter 15	Quiz 3
The Price Stability Objective and Monetary Policy Strategy	Chapter 16	
Stability: The Primary Objective of All Central Banks	Chapter 17	
Equilibrium and the Determination of Output and Inflation	Chapter 18	Essay 2

Adjustment to Long-Run Equilibrium	Chapter 19	
Equilibrium and the Determination of Output and Inflation	Chapter 20	Quiz 4
Short-Run Equilibrium	Chapter 21	Exam 2