

ECON 5360 Monetary Economics

Department of Economics
Hong Kong University of Science and Technology
(Spring 2019 Th 1:30-4:20 G003 CYT)

Instructor: ZHU, Tao

E-mail: taozhu@ust.hk

Phone: 7601

Office: 6028

Office hours: Th 4:30-5:30 and by appointment

Teaching Assistant:

Email:

Course Objectives

This course studies the basic theories of money and their applications to monetary issues. It also examines a class of phenomena related to banking, credits and liquidity from monetary perspective.

Intended Learning Outcomes

1. Know the basic models for money. (PILO 1, 2)
2. Learn the models implications to various monetary policy issues. (PILO 1, 2)
3. Learn analyzing dynamic models. (PILO 1, 2)

Prerequisites: Econ 5130, 5140

Course material

There is no assigned book. Lecture notes, mostly built on journal articles, are provided. For the overlapping-generations models, one may refer to Ljungqvist and Sargent [1, Ch 9], Romer [2, Ch 2], and Sargent [3, Ch 7].

Grading

The grade is based on the performance of homework (15%), the midterm exam (25%), and the final exam (60%). The final exam is accumulative. There is no make-up for the mid-term exam. If you have a valid excuse, you are graded proportionately by the work completed. Illness is taken as a valid excuse only if a doctor indicates by a written note that illness affects you to take the exam. Refer to the University's policy for validity of other excuses.

Academic integrity: Cheating and plagiarism are not tolerated. Any violation will be reported to the university. See <http://www.ust.hk/vpaa0/ug-guide/integrity/> for details.

Course outline (subject to adjustment except for the mid-term exam date)

31/01 Introduction
14/02 Lecture 1
21/02 Lecture 2
28/02 Lecture 3
07/03 Lecture 4
14/03 Lecture 5
21/03 Lecture 6
28/03 Lecture 7 (1:30-2:30) and midterm (3:00-4:20)
04/04 Lecture 8
11/04 Lecture 9
25/04 Lecture 10
02/05 Lecture 11
09/05 Lecture 12

Lecture 1: The classical dichotomy
Lecture 2: Monetary policy, policy tools, and policy evaluation
Lecture 3: Money in the OLG model
Lecture 4: Money, price, and output
Lecture 5: Coordination of fiscal and monetary policies
Lecture 6: Payments and discount window policy
Lecture 7: Dynamic programming
Lecture 8: The Friedman rule
Lecture 9: Money as a unit of account
Lecture 10: Money as a medium of exchange
Lecture 11: What really is money?
Lecture 12: Money, price and output, revisited

References

- [1] Ljungqvist, Lars and Thomas Sargent, “Recursive Macroeconomic Theory,” Second Edition, MIT Press, Cambridge, 2000.
- [2] Romer, David, “Advanced Macroeconomics,” Fourth Edition, McGraw-Hill, New York, 2012.
- [3] Sargent, Thomas J., *Dynamic Macroeconomic Theory*, Cambridge, MA: Harvard University Press, 1987.