

Monetary Macroeconomics

1. Course Information

Lecturer: Dr. Pınar Yeşin

Time: Fridays 10¹⁵-12⁰⁰

Place: KO2-D-54

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Course webpage: <https://www.pinaryesin.com/teaching>

2. Course Description

In this course, we will build elegantly simple yet rigorous models of money and banking to replicate essential features of actual monetary economies. In an overlapping-generations framework, we will explain aggregate economic phenomena as the implications of the choices of rational individuals who seek to improve their welfare within their limited means.

Some of the topics that will be studied are theories of money demand and money supply, inflation, financial intermediation and banking, banking practices and regulations, role of the central bank, and fiscal and monetary policy, among others.

A link to real world situations will be provided, but the focus of the course will be theoretical money and banking models with microeconomic foundations.

3. Prerequisites for this Course

A good knowledge of basic algebra and differential calculus, especially constrained and unconstrained optimization is a must.

4. Textbook

The required textbook of the course is ***Modeling Monetary Economies*** by **Bruce Champ, Scott Freeman, and Joseph Haslag**, Cambridge University Press, 2016, fourth edition.

Furthermore, some journal articles will support the topics covered in the textbook. I will give their references when we discuss them.

5. Final Exam

A *written* final exam will take place on **Friday, June 21, 2019** between 10 am and 12 pm in room **KOL-G-204**. It is a cumulative and a closed-book exam.

6. Internet Resources

The homepage of the course will provide important up-to-date information including lecture notes, announcements, syllabus, and resources.

It can be found at <https://www.pinaryesin.com/teaching>.

7. Tentative Timetable

Feb 22	Ch. 2: A simple model of money
Mar 1	Ch. 2 <i>continued</i> : A simple model of money
Mar 8	Ch. 3: Barter and commodity money Ch. 4: Inflation
Mar 15	Ch. 4 <i>continued</i> : Inflation Ch. 5: International Monetary Systems
Mar 22	Ch. 6: Price Surprises
Mar 29	Ch. 7: Capital Ch. 8: Liquidity and Financial Intermediation
Apr 5	Ch. 9: Central Banking and the Money Supply Open Market Operations Liquidity Effect
Apr 12	Ch. 10: Money Stock Fluctuations Term Structure of Interest Rates
May 3	Ch. 13: Bank Risk Ch. 14: Liquidity Risk and Bank Panics
May 10	Ch. 15: Deficits and the National Debt
May 17	Ch. 16: Savings and Investment
May 24	Ch. 17: The Effect of the National Debt on Capital and Savings Ch. 18: The Temptation of Inflation
May 31	Review
Jun 21	<i>FINAL EXAM</i>