

ECON5410 Monetary Economics

Spring 2017

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Course Objective:

This course is a graduate-level survey of monetary economics with an emphasis on macroeconomic elements. The major focus will be on models and theories of money but relevant empirical literature will be incorporated as well. The topics include both flexible price models and sticky price models with money. The topics on China's monetary policy will also be discussed.

Required Textbook:

C. Walsh, *Monetary Theory and Policy* (2nd Edition), MIT Press, 2003.

Additional References:

M. Woodford, *Interest and Prices*, Princeton University Press, 2003.

Course Evaluation:

Grades for this course will be based on the following weighted average of three components: assignment (30%), midterm examination (30%), and a final examination (40%).

Major Topics:

1. ISLM model in open economy;
2. Empirical Evidence on Money, Prices, and Output.
3. Money-in-the-Utility Function;
4. Cash-in-Advance Models;
5. Lucas Island Model;

Midterm Exam

6. Limited participation Model.
7. Fischer and Taylor Model.
8. CKM model and Inflation bias.
9. Models of Exchange rate
10. Selected Topics

Notes: All students are expected to read and understand The Chinese University of Hong Kong's policies with regard to academic dishonesty. These policies are available at the following web addresses: <http://www.cuhk.edu.hk/policy/academicdishonesty/>.