

COURSE CONTENT

Course Coordinator	-
Course Code	HE4017
Course Title	Monetary Economics
Pre-requisites	HE1003 Basic Mathematics for Economists & HE2001 Intermediate Microeconomics & HE2002 Intermediate Macroeconomics
No of AUs	4
Contact Hours	52 hours (3 hours per week)

Course Aims

The course will start with a simple model of money, the overlapping generations model where money is a store of value. The fundamentals of the demand for fiat money, inflation, the demand deposit, bank runs and the role of central banking are examined. Then, we will study money interaction with other financial assets and the real effects of money on output and national account.

Intended Learning Outcomes (ILO)

By the end of this course, you (as a student) would be able to:

1. interpret and explain the standard modern model of a closed monetary economy
2. explain the positive and negative effects of inflation
3. explain the real effects of money on output and national account
4. evaluate how financial innovations affect the welfare of the economy
5. apply the bank-run model to explain main sources of financial fragility

Course Content

1. Fiat money, commodity money and inflation.
2. Demand deposit and the role of central bank
3. Money's interaction with other financial assets
4. Effects of money on saving, investment, and output

Assessment (includes both continuous and summative assessment)

1. Continuous Assessment	:	40%
2. Final Examination	:	<u>60%</u>
Total	:	<u>100%</u>

Reading and References

Champ, Freeman, Haslag, "Modelling Monetary Economies:, 3rd edition, 2011.

Course Instructors

Instructor	Office Location	Email
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Planned Weekly Schedule

Week	Topic	Course LO	Readings/ Activities
1	Introduction of model of money	1	Chapter 1
2	Demand for fiat money	1, 2	Chapter 1
3	Barter and commodity money	1, 2	Chapter 2
4	Inflation	2	Chapter 3
5	Money and capital	2, 4	Chapter 6
6	Financial liquidity	4	Chapter 7
7	Financial intermediation	4	Chapter 7
Recess Week			
8	Central banking	3	Chapter 8
9	Money stock accumulation	2, 3	Chapter 9
10	Demand deposits	5	Chapter 12
11	Government debt	5	Chapter 14
12	Savings and social security	1, 3	Chapter 15
13	The temptation for inflation	2, 5	Chapter 17