

ECONBC 3043 Monetary Theory and Policy Spring 2022

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Office Hours: Wed, 11:00 AM- 1:00 PM EST

Course Website: <https://courseworks2.columbia.edu/courses/147843>

1 Course Meeting Times

Lectures: Tu, *and* Th 7:40pm to 8:55pm

- In Person Instruction
 - Diana Center LL103

Office Hours:

- Weds 10:00 AM - 1:00 PM EST
- Zoom Meeting Join URL ; Meeting ID: 696 746 8649

2 Course Description

This course deals with topics in both monetary theory and monetary policy and is designed for students interested in monetary economics and/or those aiming at working in policy institutions such as central banks. Monetary economics examines the relationship between real economic variables at the aggregate level and nominal variables (such as the inflation rate, nominal interest rates, nominal exchange rates, and the supply of money). Therefore, monetary economics overlaps significantly with macroeconomics. However, students in this class learn “Money View” framework as their analytical tool as it provides *a more in-depth* treatment of money and central banking than is customary in standard macroeconomics textbooks.

3 Prerequisites

Intermediate Macroeconomics and Intermediate Microeconomics

4 Textbook

The main sources for this course are:

- **The Economics of Money, Banking, and Financial Markets**, by Frederic S. Mishkin, 13th edition.

And,

- **Columbia University, Barnard College: Economics of Money and Banking Lecture Notes**, by Perry Mehrling.

5 Learning Outcomes: Thinking through Global Monetary System

- to assess and evaluate the conduct of monetary policy by the world's largest central banks;
- to understand the principles of the monetary system, with a particular focus on the US Fed's role in the complex international monetary system;
- to understand the economic behavior of firms and individuals at the macro level after the implementation of monetary policy;
- to understand the functions of banks and the role of money and credit within the economic system;
- use quantitative evidence to evaluate the usefulness and limitations of monetary theories;
- to explain transmission mechanisms of money.

6 Lectures

-The material is difficult and cumulative. To be successful in the class it is very important for you to read the relevant material before class.

7 FT/WSJ articles

Every lecture will begin by a discussion of an FT/WSJ article. Students must read these articles carefully before coming to the class.

8 Grade Distribution

The composition of the final grade will be roughly as follows:

Tentative Course Outline

The Foreign Exchange Market	Mishkin,Chap. 17
The International Financial System	Mishkin,Chap. 18
Quantity Theory, Inflation, and the Demand for Money	Mishkin, Chap. 19
The IS Curve	Mishkin, Chap. 20
The Monetary Policy and Aggregate Demand Curves	Mishkin, Chap. 21
Aggregate Demand and Supply Analysis	Mishkin, Chap. 22
Monetary Policy Theory	Mishkin, Chap. 23
The Role of Expectations in Monetary Policy	Mishkin, Chap. 24
Transmission Mechanisms of Monetary Policy	Mishkin Chap. 25

- –**Midterm** 20%
 - **Midterm1** Exam 10%
 - **Midterm2** Exam 10%
- –**bi-Weekly** Quizzes 10%
 - **Lecture Attendance** Classes 5%
 - **Recitation Attendance** Classes 5%
- –**Synthesis Project: *The Art of Central Banking* Book Review** 30%
 - Proposal 5%
 - Final project 25%
- –**Final** 30%

8.1 Hours Per Week

- **In Class:** 3.5 hours
 - **Classroom:** 2.5 hours
 - **Recitation Class:** 1 hours
- **Out of Class:** 3 hours
- **Total:** 6.3 hours

9 TA Sessions

- Attendance is required.
- There is one TA session per week.
- The cap for each session is **15 students**.
- Attendance counts as 5 percent of the overall grade.

- Missing each session leads to *a half a-point* loss.

10 Important Dates

- Class starts **Tuesday, Jan. 18**
- Midterm 1 **Tuesday, Mar. 8**
- Deadline to submit the proposal for the term paper **Tuesday, Feb 22**
- Spring Break **Monday, Mar. 14 - Friday, Mar. 18**
- Midterm 2 **Tuesday, Apr. 19**
- Deadline to submit final version of the term paper **Friday, May 6**
- Last day of classes (before exams) **Monday, May 2**
- Reading period **Tuesday, May 3 - Thursday, May 5**
- Final Exam **Friday, May 6**
- Final exam period for Spring courses **Friday, May 6 - Thursday May 12**
- **Quiz Dates:**
 - Quiz 1 **Thu, Feb 17, at 11:59 PM EST**
 - Quiz 2 **Thu, Mar 3, at 11:59 PM EST**
 - Quiz 3 **Thu, Mar. 24, at 11:59 PM EST**
 - Quiz 4 **Thu, Apr, 7, at 11:59 PM EST**
 - Quiz 5 **Thu, Apr. 28, at 11:59 PM EST**

11 Barnard's Writing Center

- Barnard students and Columbia students taking Barnard summer courses, are available to make an appointment in the Writing Center starting today! Make an appointment!
- **Conferences.** All conferences are virtual (through Zoom) and the scheduler follows Eastern Standard Time. Each conference is an hour long and students are encouraged to bring drafts of their assignments, notes, or just the prompt. Writing Fellows can support students at whatever stage of the writing process they are in!
- **Focuses.** In addition, students of every discipline are able to make an appointment. Fellows are able to support students working on their thesis, essay in an Art History course, or lab report for Bio. No matter the discipline, every writer needs a reader.

- **Cancellations.** Students can cancel their appointment at any time prior to 24 hours before the appointment time. At that point, they must email writing@barnard.edu to cancel your appointment.
- If you have any questions, please email writing@barnard.edu.

12 Synthesis Project: “The Art of Central Banking”

12.1 Proposal

- **Grading:** competition only (in this case, submission).
- **Feedback:** You will receive feedback on the proposal two weeks after the submission deadline.
- **Content:** Your proposal should have two parts.
- **Deadline to submit the proposal :** Tuesday, Feb 22.
 - **Part A-** Please provide the following information about the “New Lombard Street” book review:
 - * Author, title, publisher, and publication date
 - * A brief overview of your “thesis statement.”
 - * A brief description of the book’s place within economics scholarship. In other words, why do you think a review of this book is essential and timely?
 - **Part B-** Please provide the following information about the piece you propose to write:
 - * A summary of the anticipated content or scope of the review, particularly the angle you plan to take in considering the book
 - * The stage you have reached in writing the review and the earliest date at which you could complete a draft; this information is helpful to plan your writing schedule.
 - * It is not necessary to have completed writing the review, but I require at least a three to a five-page draft section of your piece. A draft introduction would provide me the best sense of your review, but you may submit any draft section you choose.

12.2 Final Project

- This project is a 2000-word paper that uses the concepts of the class to write a critical assessment of the “**The Art of Central Banking**” by Ralph Hawtrey published by Routledge Press.
- The deadline is **Friday, May 6**.

12.3 Essay's format

- The main body of the essay should not exceed **2,000 words**.
- This is around 4 pages single spaced or 8 pages double spaced.
- Your essay should have a reference page.

It also should provide a cover page that clearly mentions this information:

- Full name of the student and her/his email.
- The covered chapters.
- The contribution of each group members.
- The Title for your essay.

12.4 Guideline

Here is a short guideline on how to write this essay. To get the full grade, please make sure you read the guideline carefully:

- This book project is a critical evaluation of Hawtrey's book and should have an argument.
- The most important feature of this review project is that it is a commentary, not a summary.
- You should enter a dialogue with the book's author and other audiences, including but not limited to, me and my TAs.
- The maximum grade you will get for submitting even a very good summary of Hawtrey's is 40/100.

Instead, your essay should share these common features:

1. **First**, a review gives the reader a concise summary of the content. This includes a relevant description of the topic as well as its overall perspective, argument, or purpose.
2. **Second**, and more importantly, a review offers a critical assessment of the content. This involves your reactions to the work under review: what are the main thesis of the book, which difference strikes you as noteworthy, whether or not it was effective or persuasive, and how it enhanced your understanding of the issues at hand.
3. **Third**, your essay should compare Hawtrey's main thesis with the standard theories. Your essay should describe what are the differences and similarities between Hawtrey's ideas and standard theories as we learn from Mishkin's, and

4. **Finally**, in addition to analyzing the work, a review often suggests whether or not the audience would appreciate it.

12.5 Submission

- The essay should be submitted **electronically**.
- The deadline is *Friday, May 6*.
- No extensions will be granted.

12.6 Essay's format

- The main body of the essay should not exceed **2,000 words**.
- This is around 4 pages single spaced or 8 pages double spaced.
- Your essay should have a reference page.

It also should provide a cover page that clearly mentions this information:

- Full name of the student and her/his email.
- The Title for your essay.

12.7 Guideline: Writing a Book Review

In a book review, you must describe, analyze and react to the arguments put forward by the author. You must accurately report the argument(s) of the book, as in an abstract or synopsis. However, unlike in an abstract, you must also place the arguments in context and critically assess them. In general, you should answer all or most of the following questions:

- Why is this book important?
- What are its main points?
- How do the author's arguments relate to one or more economic theories?
- How does the book relate to the current or past economic environment, conditions or policy?
- What evidence, if any, is cited in support of the arguments?
- Is the evidence appropriate evidence? Is it convincing?
- What, if anything, is missing from the book?

12.7.1 The Structure and Format of a Book Review

1. THE HEADING

Title. Author. Place of publication: publisher, date of publication. Number of pages. Reviewed by (your name)

2. THE INTRODUCTION

The introduction starts with a statement of the theme of the book, and lets your readers know what the review will say. It must therefore include a very brief overview of the contents of the book, the purpose of, or audience for the book, and a brief summary of your reaction and evaluation.

3. THE CONTEXT

Place the book in theoretical, policy and/or historical context. You might also discuss what are reasonable criteria for judging the book.

4. SUMMARY OF THE ARGUMENT AND EVIDENCE

This is very much like the summary you might write in an abstract or synopsis. Attempt to put the author's argument in its best light. Summarize it fairly, without inserting your own views. You might want to quote or paraphrase key passages from the book. Avoid plagiarism by placing quotation marks around quotes and placing the page number from which the quote or paraphrase comes in parentheses immediately afterwards.

5. EVALUATION OF THE ARGUMENT AND EVIDENCE

This is the heart of the book review and where your views come into play. Remember that you may not be able to express fully your own views. The point of the book review is to present a critical reading of someone else's work, not to give a full exposition of your own work. Carefully distinguish your views from the author's.

6. CONCLUSION

Finish with a conclusion which ties together issues raised in the review and provides a concise comment on the book.

7. WORKS CITED

Should you cite a work other than that under review, give full bibliographic information on it.

Most professors will accept any foot/endnote and bibliographic style as long as it is consistently applied throughout your paper.

There are three standard foot/endnote and bibliographic styles, listed below:

- American Psychological Association bibliographic style
- Chicago Manual of Style
- Modern Language Association bibliographic style

12.7.2 The Paragraph Outline

Always make an outline of an essay before writing it. An essay can be written by making successively more detailed outlines.

Identify the three important points, and break each of them down into several parts (A.,B., and C.).

These will become topic sentences for paragraphs. Then “flesh-out” each paragraph. The reader should be able to reconstruct your initial outline easily.

1. Introduction – first paragraph.
2. Most important point – next several paragraphs.
 - A. Paragraph Topic Sentence (first sentence)**
 - a) Second sentence.
 - b) Third sentence.
 - c) Etc.
3. Next most important point.
4. Third most important point.
5. Conclusion

12.7.3 Some general writing tips for academic papers.

1. Always reread what you have written several times.
2. Can the same thing be said in fewer words?
3. Does anything need more explanation?
4. Is the body of your essay overly repetitious?
5. Do you give too much detail in the introduction?
6. Would the outline of the essay be clear to the reader?

7. Is the grammar correct? Is the spelling correct?
8. Does each of your paragraphs have a topic sentence? Are any paragraphs too long, or too short (less than two sentences)?
9. Is the argument logical and clear? Does it say what you want it to say?
10. Always write in the third person (he, she, it). Never write in the first (I, we) or second (you) person. The subject of a sentence should never be "I" or "you."
11. Use gender-neutral pronouns when referring to people in general, or "the human race". "He" must have a masculine antecedent, and "she" must have a feminine antecedent. Otherwise, use "he or she", "s/he", "they", or "people" or "a person".

13 Late Policy

13.1 Late policy: just the facts

- The cutoff for on-time submission is 11:59pm on the due date. Late days are counted in 24-hour periods. Submitting between 12:00am on the due date and 11:59pm the next day is one day late, and so on.
- You are given 2 "grace days" (self-granted extensions) which you can use to give yourself extra time without penalty.
- Instructor-granted extensions are only considered after all grace days are used and only given in exceptional situations.
- Late work handed in when you have run out of grace is **discounted 10 %** per day late.
- Every assignment has a hard deadline, usually 2 days past the original due date. Late submissions (penalty or not) are not accepted after the hard deadline.
- No late submissions (penalty or not) will be accepted for the last assignment in the quarter.

13.2 Late policy: long-winded version

The philosophy driving this late policy has three goals:

- Discourage lateness. We want to provide incentives for you to balance your commitments and adapt/triage as necessary to meet deadlines. We curtail lateness by providing only a limited amount of grace, applying a penalty for lateness beyond grace, and enforcing a hard deadline.
- Empower you to make your own decisions. You decide when your situation warrants the use of a grace day.
- Keep things fair. Students are allowed an equal amount of grace. Only a truly exceptional situation is granted extension beyond the grace days.

13.3 Self-granted extensions (AKA “grace days”)

Grace days are “self-granted extensions”. We recognize that the competing demands of a challenging courseload and extracurriculars can be an unforgiving landscape and even the most careful of plans can be derailed by an unforeseen event. When the unexpected happens – you get the flu, the network goes down, you delete a critical file, a personal situation escalates – you would usually have to request an extension from the staff. Instead you are given the privilege to grant yourself an extension without our oversight. One grace day extends the deadline by 24 hours. **Grace days are your means to cover real problems: illness, stolen laptops, bike accidents, and so on. We don’t intend them to cover ski trips, overcommitment, or poor planning, but you can use them as you choose and we don’t check up on you.** You may use all of your grace days for one assignment, distribute them across several assignments, or even better, hoard them for a crisis that thankfully never comes.

13.4 Instructor-granted extensions

Grace days are extensions, no different than what would be given by the instructor (other than you have the authority to determine when one is warranted). Your first line of recourse when crisis strikes is always to grant your own extension through use of a grace day. **A request for an instructor-granted extension instead of using your own grace days will never be approved.** Only after you have exhausted all of your grace days in valid use should you request further accommodation. In those extenuating circumstances, please contact Sanjay, preferably in person.

Students often go to great lengths to meet deadlines and conserve grace days: pull all-nighters, ignore other classes, miss events they wanted to attend, work when feeling poorly, submit unpolished programs, or take penalty late days as a last resort. It would not be respectful of their efforts to hand out extra days to students who were less committed to meeting deadlines or not as cautious in conserving grace days. If asking for an instructor-granted extension, you will be expected to legitimize how all of your grace days were used, and make a compelling case for additional accommodation beyond the grace days everyone else receives. We use this information to find an appropriate balance between providing relief to you and maintaining fairness to others.

13.5 Late work with penalty

When you are out of grace days, submitting late work will be penalized 10% per day. By this calculation, it is worth taking a penalty late day if you have significant work you can complete, but if you have only small details to polish, it is better to turn it in and move on.

13.6 Submitting work

- Only online submission will be accepted.
- The originality of your piece will be checked via Turnitin.

13.7 Plagiarism

1. Your work must be at least **80 percent original**.
2. You will lose 10% if your originality is between 80-70 percent.
3. You will lose 20% if your paper's originality is between 70-60 percent.
4. You will lose 50% if your paper is less than 60 percent original.

Plagiarism is the unattributed use of other's creative effort, writing or ideas. It is a form of anti-social, dysfunctional behavior that impedes the acquisition and dispersion of knowledge. It is not acceptable to:

- use someone else's exact words (oral or written) without citing the sources and giving them credit;
- paraphrase someone else's work without citing the source and giving them credit;
- use someone else's statistics, tables, images, etc. without citing the source and giving them credit;
- use someone else's ideas without without citing the source and giving them credit.

13.7.1 PENALTIES FOR PLAGIARISM

Fortunately, the key to avoiding plagiarism is contained within the phrase "citing the source and giving them credit." Proper citation gives credit where credit is due, and provides readers of your work with a valuable research tool.

The penalty for plagiarism is at the discretion of the course instructor, and depends on the severity of the offence. Penalties for plagiarism may include:

1. de novo rewriting and resubmission
2. a failing grade on the plagiarized assignment
3. a grade reduction for the course
4. a failing grade for the course

13.8 Submitting late work

- If you miss the deadline, then your submission is counted as late.
- If you are choosing to use one of your grace days, you do not need to confirm with us, just submit your work normally and it will be time-stamped accordingly.
- **Note that no assignments (penalty or not) will be accepted after the hard deadline.**

14 Rubric for grading your papers

Papers will be graded on a scale of 1 to 6 based on the rubric.

1. Each paper will receive its own score, 1-6. (A score of 6 is the highest.)
2. Use of the passive voice is acceptable in social science and technical writing, so long as it does not interfere with, intrude upon, or obscure the meaning of the passage. The active voice tends to read better and be more engaging.
3. I will be grading your writing, **but mainly the content**. Still, the writing will likely add to the strength of the essay.

4-6 Point papers are considered upper-half

A six point essay will be characterized by the following:

- Excellent organization of ideas
- Clarity and conciseness
- Be virtually error-free in grammar and usage

A five point essay will:

- Display the features of a 6-point essay, but be slightly weaker in clarity, concision, and organization.

A four point essay will be characterized by the following:

- Basic competence in grammar and usage
- Lacks the structural and organizational sophistication of a 5 or 6 point essay

1-3 Point papers are considered lower-half

A three point essay will be characterized by the following:

- Overly formulaic organization or lacking organization
- Problems with grammar and usage
- Vague and wordy construction (excessive use of passive voice, excessive nominalization)

A two point essay will compound the problems of a three point essay, and display:

- Consistent flaws in syntax, diction, grammar, or spelling
- Significant flaws in organization and a lack of overall coherence;
- Usage of terms without prior definition

A one point essay will compound the weaknesses of a two point essay.

15 Written work

Written work must be typed, spell-checked, and neatly formatted. Please include your name, the course number, assignment number, and date at the top of the page or on a cover sheet. While an occasional typo or editing error may slip through, the presence of several mistakes indicates a lack of attention and will lower your grade. Specific formatting conventions are negotiable, based on standards in your field and appropriateness for your intended audience. **All work must be professional looking and designed for easy reading.**

16 Documenting sources

Do not cut and paste material from web pages or other documents without making evident the source of the information. Using work that is not your own without attribution is a serious offense and subject to formal action by the Institute. Inadequately documented papers (including bibliography and footnotes or in-text citations) will not receive a passing grade. When in doubt, document the source.