

University of Oregon

Department of Economics

Course: EC 470, Monetary Policy

Term Info: Summer 2019

Class Time: MTWR 12-1:50pm

Location: 229 McKenzie Hall

CRN: 40976

Instructor Information

Instructor: Thomas Stockwell

Office Hours: MTWR 2-3pm, by appointment, located in PLC 417

Email: tstockwe@uoregon.edu

Textbook

The textbook for this course is Frederic Mishkin *The Economics of Money, Banking, and Financial Markets*, 11th edition (Pearson). Lectures will closely follow the book in most cases so I strongly encourage you to purchase it. Older editions of the textbook are acceptable.

Course Description

Monetary policy is one of the primary tools a country has at its disposal to impact macroeconomic variables (e.g. unemployment, inflation, interest rates) that affect all of us in one way or another. Having an understanding of how it works and what effects it has on the economy is crucial for anyone with an interest in macroeconomics. This course is intended to provide you with a thorough overview of the conduct and theory of monetary policy. Although the course will focus primarily on the U.S. Federal Reserve (Fed), much of what we cover can be applied to other central banks as well.

Prerequisites

EC 313 (Intermediate Macroeconomics) and one of either EC 320 (Introduction to Econometrics) or EC 423 (Econometrics).

Lectures

Attending lectures is not required but it is strongly encouraged. If you do miss a class, you are responsible for learning the material covered that day and any announcements made on your own. Please make every effort to show up on time and if you do need to leave early show your classmates the courtesy of being as unobtrusive as possible.

Smartphones, tablets, and computers are allowed in lecture providing that they are kept on silent and are not being a distraction to your classmates. Please make every effort to not distract those who are trying to pay attention.

Grading

Your grade in this course will be based on homework, 2 take home quizzes, a midterm, and a final exam.

Component	Percent
Homework	20%
Take Home Quizzes	25%
Midterm	25%
Final	30%
Total:	100%

Exams

This class has two exams, a midterm and a final. You are required to bring your own pencil and eraser. You are also permitted to bring your own non scientific calculator. If you do not have one, a simple calculator may be provided for you to use on the exam. Please note that supply of these calculators is limited and there is no guarantee that I can provide one for everybody in a class this large.

There will be no makeup exams given in this class. If you miss the midterm for a valid reason (as determined by the instructor), you will have the option to put the weight of the midterm missed on the final exam, provided that you have documentation supporting your reason for missing.

Re-grading Requests

If you notice an arithmetic error in the scoring of your exam, please point this out to me as quickly as possible and the correction will be made.

For any other reconsideration of a grade on a midterm, you must submit a formal re-grade request explaining why you believe your answer(s) should be given more points. This request must be made in writing and given to me no later than one week after the midterm is returned. Note that the entire midterm will be subject to re-grading, so overall you may gain or lose points if you request a re-grade.

The final exam will never be subject to a regrade.

Homework

After we finish going over each chapter, I will assign homework questions over the chapter that we just covered. These questions will be based on the material we covered in the lecture and will be similar to the ones you will see on the exams. Practice is very important to getting a good grade in this class so I strongly urge you to do as many practice questions as

possible. Due to the class size being so large I will only accept hard copies of the homework answers, no email submissions will be graded. If you are not going to be attending class on the date that the homework is due, you can give your homework to a friend to hand in or slide it under the door of my office.

Feel free to work in groups on the homework assignments but everyone is expected to hand in their own copy of the assignment. Make sure that you understand the material on the homework and do not just copy another students work.

Late homeworks will be given a 20% score deduction for each day that they are late.

Take Home Quizzes

There will be 2 take home quizzes in this class. These quizzes will be handed out in class on Thursday and will be turned in before class on Monday. I will make the quizzes available on the course Canvas page as well. Please print out the quiz and put your answers in the space provided to make it easier for me to grade. The quizzes will be based on the material we covered in lecture that week. Like the homework, only hard copies will be accepted.

Because these are take home quizzes, there will be no makeup quizzes given for any reason and late assignments will not be accepted.

Feel free to work in groups on the take home quizzes but everyone is expected to hand in their own copy of the assignment. Again, make sure that you understand the material on these quizzes and do not just copy another students work.

Canvas

All course materials will be distributed through the Canvas course website, which can be accessed at <https://canvas.uoregon.edu/>. Announcements made on Canvas should be considered modifications to this syllabus. Make sure you check this regularly throughout the term.

Academic Dishonesty

In every component of this course you are required to do your own work. If you are caught cheating on any exam then you will be given a grade of zero on that exam. Cheating will not be tolerated in this class.

Accessibility and Special Accommodations

The University of Oregon is working to create inclusive learning environments. Please notify me if there are any aspects of this course that result in disability-related barriers to your participation. For more information or assistance, contact the Accessible Education Center: 164 Oregon Hall, (541)-346-1155, aec.uoregon.edu.

If you require special accommodations of any kind due to a documented disability you will need to provide a letter from the Accessible Education Center verifying your need and detailing the appropriate accommodations. So that I can plan for any necessary accommodations please get this letter to me by the end of the first week of classes.

If your accommodations involve any proctoring of exams at the AEC you will be responsible for scheduling those exams with sufficient anticipation with the AEC.

Tentative Course Outline

The tentative list of topics that this course will follow is listed below. Lectures will closely follow the textbook so you should read the corresponding chapter of the text before it is covered in lecture.

We will begin with the introduction and interest rates. Understanding interest rates is crucial to being able to understand what central banks do. We will discuss what interest rates are, how to calculate them, and how consumption and investment are affected by them.

Next we move to the main focus of the course, monetary policy. We will start with the history and structure of the Fed before moving on to the money supply process. We will talk about the tools that central banks have in their toolkit and how they use these tools to achieve their goals. We will also discuss the different goals that central banks might have as well as their costs and benefits.

Once we understand monetary policy and central banks, we can talk about how their actions affect the economy. For example, what happens to the economy if the Fed does nothing following a negative aggregate supply shock? What if the Fed accommodates the shock by decreasing the federal funds rate? Is there a trade-off between stabilizing the inflation rate and stabilizing output?

- Monetary Policy
 - Interest rates
 - Central Banks and the Federal Reserve System
 - The money supply process
 - Monetary policy tools
 - The conduct of monetary policy

- Monetary Theory
 - Money demand
 - The quantity theory of money
 - Aggregate demand, aggregate supply
 - Monetary policy theory

- The role of expectations
- The transmission mechanism for monetary policy

Important Dates

Make sure you are aware of the dates that quizzes are due and what days the exams are on.

Date	Event
7/29	Take home quiz 1 due
8/1	Midterm Exam
8/12	Take home quiz 2 due
8/15	Final Exam - Normal class time