



ECON 351 – Monetary Theory and Policy

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GENERAL INFORMATION

Catalog Description

Basic models of money and monetary policy. An overview of central banking by giving emphasis on money supply process, the tools of monetary policy and the conduct of monetary policy. Analysis of the demand and supply of money. Monetary Theory. Monetary transmission mechanisms and the role of expectations in Monetary Policy.

Course Structure/ECTS

(3+0+0) 3 TEDU Credits, 6 ECTS Credits

Prerequisites and co-requisites

ECON 221

Course Objective

The main objective of this course is to introduce students the basic model of money and monetary policy. Students would understand the money supply process, the tools of monetary policy, the conduct of monetary policy and monetary theory.

Computer Usage

Students will use MS Office applications (Word, Excel, Power point) to work on their weekly assignments about 2 hours a week. Moreover students will download data from various sources and analyze them.

Teaching Material

Textbook

Mishkin. F., Economics of Money, Banking, and Financial Markets. 10th edition, Pearson, New York, 2011.

Learning Outcomes of the Course

Upon successful completion of this course, a student will be able to

1. Explain the role of money in the economy and money supply process.
2. Explain the role of central banks and the tools of the monetary policy.
3. Compare and contrast the monetary theories.
4. Discuss the impact of monetary policy decisions on the economy.
5. Use the monetary policy theories to explain the current conduct of monetary policy and its implications on the economy.

ASSESSMENT METHODS

Homework:

Homework will be assigned periodically throughout the semester. They are crucial in helping you to understand the material taught in class, but they will also ask you to apply concepts from class to a variety of real world issues to develop your critical thinking skills. In addition, they help you in preparing for the exams.

Note that late assignments are not accepted!

Project:

The detail of the project is in the attachment. Note that the project will be pair work to improve your team-working abilities. You will present your work to the class at the end of the Semester.

Midterm Exam:

There will be one mid-term exam. Material for the exams will be taken from the assigned readings and class discussions.

Final Exam:

There will be a final exam. Material for the exam will be taken from the assigned readings and class discussions.

GRADING

The course grade will be based on the following:

	<u>Weight</u>
Homework	20%
Project	20%
Midterm Exam	30%
Final Exam	30%

Grade Evaluation Scale:

A grade of less than 50% is an F. Everything above 50% will be evaluated on a curve according to class performance and will be awarded a letter grade of AA, BA, BB, CB, CC, DC or DD on the performance scale.

Student Workload

For 6 ECTS; the workloads are 42 hrs. for lectures; 42 hrs. for course readings; 38 hrs. for exams and 58 hrs. for assignments, research and projects. Total is 180 hrs.

Planned Learning Activities and Teaching Methods

Telling/Explaining, Discussions/Debates, Questioning, Reading, Demonstrating, Problem Solving, Case Study/Scenario Analysis, Oral Presentations/Reports, Web Searching, Videos, Experiments.

COURSE POLICIES

1. TAKE NOTES! That is crucial for you to learn.
2. Laptops are not allowed to be used in class. There are two reasons for that: (i) they are not as good as pen for taking notes, (ii) they create distraction from the discussion.
3. Cell phones are not allowed to be used in class.
4. Do not come late to class!
5. All the announcements, assignments and important dates will be on Moodle Course Page. You are responsible for following those.
6. Make-up for Midterms will be given if you have a formal excuse accepted by FEAS.

STUDENT CONDUCT

Academic Integrity:

Academic dishonesty in assignments, examinations, or other academic performance is prohibited and considered a violation of the Student Conduct Regulations. It includes 'cheating' (the intentional use or attempted use of unauthorized materials, information or study aids); 'fabrication' (the intentional falsification or invention of any information); 'assisting in dishonesty or tampering' (intentionally or knowingly helping or attempting to help another commit an act of dishonesty or tampering with evaluation instruments and documents); and 'plagiarism' (intentionally or knowingly representing the words or ideas of another person as one's own). Penalties for academic dishonesty may result in receiving an 'F' in the course, or referral to the Dean of the Faculty in which you are enrolled for further action.

Disruptive Behavior:

Behaviors that are disruptive to teaching and learning will not be tolerated, and will be referred to the Rector's Office for disciplinary action. Behaviors that create a hostile, offensive or intimidating environment based on gender, race, ethnicity, color, religion, age, disability, marital status or sexual orientation will be referred to the Rector's Office.

PLANNED SCHEDULE

Week	Subject	Chapter
1	Syllabus and Introduction	1+3
Sep. 26-27	Central Banks: A Global Perspective	14
2	Central Banks: A Global Perspective	14
Oct. 3-4		
3	The Money Supply Process	15
Oct. 10-11		
4	The Tools of Monetary Policy	16
Oct. 17-18		
5	The Conduct of Monetary Policy: Strategy and Tactics	17
Oct. 24-25		

6 Oct. 31- Nov.1	Brief History of Turkish Monetary Policy	
7 Nov. 7-8	Quantity Theory, Inflation and the Demand for Money	20
8	MIDTERM EXAM November 14, 2016	
9 Nov. 21-22	IS Curve The Monetary Policy and Aggregate Demand Curves	21+22
10 Nov. 28-29	Aggregate Demand and Aggregate Supply Analysis	23
11 Dec. 5-6	Monetary Policy Theory	24
12 Dec 12-13	The Role of Expectations in Monetary Policy	25
13 Dec 19-20	The Transmission Mechanisms of Monetary Policy	26
14 Dec 26-27	Project Presentations and discussion <i>Due date for Project Papers</i>	