

York University
Department of Economics
Faculty of Liberal Arts and Professional Studies
GS/ECON 5500 3.0
Advanced Monetary Economics
Winter 2024

Instructor	Professor Etienne Lalé
Office	Vari Hall 1142
Contact	Email: elale@yorku.ca Please indicate “ECON5500” in the subject line of the email.
Lecture hours	Tuesdays 4:00pm - 7:00pm, at R (Ross Building) S122
Office hours	Wednesdays 10:30am - 12:30am, by appointment
Course web page	https://etiennelale.weebly.com/econ5500.html The course outline is posted on the above page. The YorkU eClass website will be used for posting announcements, lecture notes and solutions. Please consult it on a regular basis.
Teaching Assistance	TBA
Course Description	<p>The purpose of this course is to introduce you to the main tools of analysis of business cycle fluctuations and policies, with a special emphasis on the role of monetary factors and the channels of influence of monetary policy. The course relies on the New Keynesian framework, which is highly influential in today’s analyses of macroeconomic fluctuations in academic circles as well as at central banks and international institutions.</p> <p>We apply this tool to a number of key macroeconomic questions. How are recessions and crisis propagated? Is unemployment the outcome of low aggregate demand or else of overly high labor costs? What instruments do central banks (and governments) possess to stimulate activity when demand is too weak? Can monetary policy lose its effectiveness, as seems to have been the case in the aftermath of the Great Recession? In this situation, are there unconventional monetary policies that might be able to restore full employment?</p>

Textbook

There is no required textbook for this course. The slides and problem sets posted on the course web page should give you enough material to work with. You may find the following references useful to complement the lectures (any recent edition):

- ▶ Monetary Policy, Inflation and the Business Cycle, by Jordi Galí;
- ▶ Monetary Theory and Policy, by Carl E. Walsh.

Evaluation

Midterm Exam: February 27, 2024.

Final Exam: Winter 2024 exam period (April 10–25).

- ▶ The midterm exam (2 hours) will be held during class time. There will be no make-up exam for the midterm. For students that provide appropriate and timely documentation for missing the midterm, the weight will be transferred to the final exam.
- ▶ The final exam (2.5 hours) will be held at a date and location to be set by the Registrar's Office. The final exam will include all the material covered in the course.
- ▶ A student who is absent from the final exam and requests deferred standing, must consult the Guidelines for Deferred Standing, available at: <https://myacademicrecord.students.yorku.ca/deferred-standing>. The date and time of the deferred exam will be set at a later date.
- ▶ Students who may require further extensions or accommodation will have to submit a formal petition to the Faculty.
- ▶ Marking and grading to be discussed only in writing, if at all.

Grading scheme

Let M_{midterm} denote your mark on the midterm, and M_{final} your mark on the final exam. M_{midterm} and M_{final} are numbers between 0 and 100. The overall mark, or numerical grade, denoted W , is given by:

$$W = \frac{40}{100}M_{\text{midterm}} + \frac{60}{100}M_{\text{final}}.$$

The letter grade, denoted as G , is given by:

$$G = \begin{cases} \text{A+} & \text{if } W \geq 90 \\ \text{A} & \text{if } W \in [85, 89) \\ \text{A-} & \text{if } W \in [80, 84) \\ \text{B+} & \text{if } W \in [75, 79) \\ \text{B} & \text{if } W \in [70, 74) \\ \text{C} & \text{if } W \in [60, 69) \\ \text{F} & \text{if } W \in [0, 59) \\ \text{I} & \text{if } W = \text{missing} \end{cases}.$$

Topics outline (see <https://etiennelale.weebly.com/econ5500.html> for a detailed outline)

- Chap. 1: From business-cycle measurement to macroeconomic theory
- ▶ Part I: Foundations: Aggregate demand and supply
 - Chap. 2: Aggregate demand
 - Chap. 3: Aggregate supply
- ▶ Part II: Business cycles
 - Chap. 4: AS-AD equilibrium and the propagation of macroeconomic shocks
 - Chap. 5: Unemployment fluctuations
- ▶ Part III: Conventional macroeconomic policies
 - Chap. 6: Monetary policy
 - Chap. 7: Fiscal policy (*)
- ▶ Part IV: The liquidity trap and unconventional macroeconomic policies
 - Chap. 8: The liquidity trap
 - Chap. 9: Unconventional monetary policies
 - Chap. 10: Fiscal policy and structural reforms in a liquidity trap (*)

Note: Chapters marked by * will be covered only if time permits

Important course information

All students are expected to familiarize themselves with the following information, available on the Senate Committee web page (see <https://www.yorku.ca/secretariat/policies/>):

- Academic Honesty Policy and Procedures/Academic Integrity Website
- Course requirement accommodation for students with disabilities, including physical, medical, systemic, learning and psychiatric disabilities
- Student Conduct Standards
- Religious Observance Accommodation