



SYLLABUS

MONETARY ECONOMICS

Instructor: Megan Sullivan

Contact Hours: 40

Class times: Tuesdays 9.30am-12.30pm

LONDON, UK

COURSE DESCRIPTION

Monetary Economics is the study of monetary and financial variables in the economy, such as money, financial institutions and markets, interest rates, foreign exchange and the price level, and their determinants and interactions.

This course aims to introduce students to the theoretical treatment of the flow of funds and its component parts, the importance of monetary policies and the financial markets. As such, the course encourages the students to attain the highest standards of academic excellence and consider how monetary and financial considerations are core in economic decisions, how these decisions may affect countries and the world, and how Central Banks and Governments have a role and a responsibility within their wide global community.

Issues regarding economic growth, inflation and interest rates are discussed by looking at the case of the US, the UK and the EU, along with particular cases and events in different countries and regions. Discussions regarding monetary policies will include the role of central banks and governments in the economy.

COURSE OBJECTIVES

This course builds on the previous knowledge of Macroeconomic theory and applies its principles to some of the major decisions facing central banks, financial markets, and institutions. The first part of the course concentrates on the fundamentals of the theory, while the second part is more connected with the practical application of policies in the last decades.

At the end of the course students should be able to:

1. Describe monetary policies, their rationale, and their relationship with other economic policies, such as the fiscal and foreign exchange policies.
2. Distinguish between the objectives and the tools of the monetary policies and outline their outcome in terms of interest rates, inflation, employment, economic growth, and other macroeconomic indicators.
3. Analyse critically the causes and consequences of the recent financial and economic crises and appraise the effectiveness of the specific instruments of monetary policies used to address these crises.

You should leave this course with a better understanding of how financial markets, financial institutions, and central banks interact with the economy.

INSTRUCTIONAL METHODOLOGY

The sessions combine introductory lectures, student presentations, discussions, class work, visits, and visiting lectures. Students will be expected to attend and actively prepare for all classes. The classes are highly participative.

COURSE READING

- Main text (provided by the programme): Mishkin, Frederic (2021) *The Economics of Money, Banking and Financial Markets*, Global Edition, 13th edition, Pearson. Print edition ISBN-13: 9781292409481. Twelve-month access e-Textbook ISBN-13: 9781292409580
- Optional text (available from GEO library): Cargill, Thomas F. (2017) *The Financial System, Financial Regulation and Central Bank Policy*. Cambridge University Press. UK. This textbook was successfully used in this course previously, but it does not cover the most recent developments.
- Periodicals for supplementary reading:
 - ◊ Financial Times
 - ◊ The Economist
 - ◊ The Wall Street Journal
 - ◊ Bloomberg BusinessWeek Newsletter

ASSESSMENT

Your course grade is based on attendance¹, class participation, homework assignments, case studies, a midterm exam, and a final exam. Your course grade will be computed as follows:

Class participation	5%
Homework (1 x 15%)	15%
In-Class Presentation	20%
Midterm examination	30%
Final examination	30%
Total	100%

WEEKLY COURSE SCHEDULE

¹ Please see the Attendance Policy for your GEO London course for details.

Week 1

Lecture: Introductions. An overview of the financial system and money.

Reading: main textbook chapters 1 to 3.

Week 2

Lecture: Financial markets. The meaning and behaviour of interest rates.

Reading: main textbook chapters 4 & 5.

Week 3

Co-Curricular: Finance Walking Tour

Week 4

Lecture: Risk, Term Structure, and Balance Sheet Management

Reading: main textbook chapters 5 & 6.

Week 5

Lecture: Stocks.

Reading: main textbook chapters 7 & 8.

Assignment: Revision for the mid-term exam.

Week 6

Deliverable: Mid-term exam.

Lecture: Financial crises in advanced and emerging market economies

Reading: main textbook chapters 9 & 10.

Week 7

Lecture: Central Banks and Money Supply

Reading: main textbook chapters 3 & 14 & 15.

Week 8

Deliverable: In-Class Presentation

Lecture: Monetary Policy

Reading: main textbook chapters 16 & 17.

Week 9

Lecture: Foreign Exchange & Revision

Reading: main textbook chapter 18.

Assignment: Homework 1.

Week 10

Deliverable: Homework 1 and Final Examination

CO-CURRICULAR ACTIVITIES

1. When: Tuesday 14th April
 What: Finance Walking Tour
 Time: 10am
 Where:
 Panyer Alley, exit 2 of St Paul’s Station

2. When: Tuesday 21st April
 What: Taming AI
 Time: 6pm
 Where:
 Gresham College
 Barnard’s Inn Hall
 Holborn
 London
 EC1N 2HH

Overview of the Study and Assessment Plan

Week	Content	Activities and Deliverables	Co-Curricular
1	Introduction: an overview of the financial system and money.		
2	Financial markets. The meaning and behaviour of interest rates.		
3	FINANCE	WALKING	TOUR
4	Risk, Term Structure, and Balance Sheet Management		Taming AI
5	Stocks	Assignment: Revision for mid-term.	
6	Financial crises in advanced and emerging market economies	Deliverable: Mid-term test (30% of final mark)	
7	Central Banks and Money Supply		
8	Monetary Policy	Deliverable: In-class presentation (20% of final mark)	
9	Foreign Exchange Revision for the final examination.	Assignment: Homework 1 (15% of final mark)	
10	Final Examination	Deliverables: Homework1 Final Exam (30% of final mark)	

All visits are obligatory attendance. Specific instructions and directions will be issued before each event.

LIST OF APPENDICES

No	Content
1	Instructor Contact Details
2	Class Participation (5% of final grade)
3	Homework (15% of the final grade)
4	In-class presentation (20% of the final grade)
5	Midterm Examination (30% of final grade)
6	Final Examination (30% of final grade)
7	Attendance Policy
8	Grades

APPENDIX 1 INSTRUCTOR CONTACT DETAILS:

Email: m.j.sullivan@brighton.ac.uk
Contact phone number: 07523325373
Office Hours: Appointments to be made in advance via email.

APPENDIX 2: CLASS PARTICIPATION (5% of final grade)

The course is offered based on a three-hour time period, with a break in the middle. The following format is used:

1. Review session of around 5-10 minutes - Students are individually asked questions regarding the previous session. Thus, students are expected to be prepared when they come to class to answer such questions.
2. Lecture – presentation of new principles and applications.
3. Student participation – students are asked questions on an ongoing basis and are expected to ask questions.
4. Students are expected to read the assigned reading for each week and be prepared to discuss these in class when called upon to do so.
5. Students are also expected to undertake independent study and research.

APPENDIX 3: HOMEWORK (15% of the final grade)

One take-home assignment based on the textbook material will be assigned during the course. The written answers must be submitted by the deadline for each problem set as specified in the course timetable.

APPENDIX 4: IN-CLASS PRESENTATION (20% of the final grade)

Students are expected to be prepared to give a 5minute presentation on one of three topics which will be randomly allocated:

Cryptocurrency:

Research a cryptocurrency of your choice. Give a brief introduction to your chosen cryptocurrency and its value over time. By linking it to the definition for money and its functions, determine whether or not your cryptocurrency could be classed as money.

Bank Failure:

Research Silicon Valley Bank (SVB). Give a brief introduction to the bank and explain why it failed. In particular, present on how balance sheet mismanagement affected SVB. What should SVB have done differently?

Green Monetary Policy:

Research a country that operates green monetary policy. Explain what specific actions they

take. Assess how effective these actions have been so far and discuss potential economic trade-offs.

APPENDIX 5:

Midterm Examination (30% of final grade)

A closed-book 60-minutes midterm examination (week 6) will consist of the material covered during the first five weeks of the term. During the exam, the use of any devices that could possibly be connected to the Internet will not be allowed.

APPENDIX 6:

FINAL EXAMINATION (30% of final grade)

A closed-book 120-minutes final examination (week 10) will cover the material covered during weeks 6 to 9, inclusive.

The final exam will be administered during class time on the final day of the course as indicated on the course calendar. The use of any devices that could possibly be connected to the Internet will not be allowed.

APPENDIX 7:

ATTENDANCE POLICY

All classes and visits must be attended. See the attendance policy for your GEO London programme for more details.

APPENDIX 8:

GRADES

Final grades will be decided as follows (final scores will not be rounded):

A	93.00-100%
A-	90.00-92.99%
B+	87.00-89.99%
B	83.00-86.99%
B-	80.00-82.99%
C+	77.00-79.99%
C	73.00-76.99%
C-	70.00-72.99%
D+	67.00-69.99%
D	63.00-66.99%
D-	60.00-62.99%
F	<60.00%