



Course and Examination Fact Sheet: Spring Semester 2019

6,246: Monetary Economics

ECTS credits: 3

Overview examination/s

(binding regulations see below)

Decentral - Group examination paper (all given the same grades) (33%)

Decentral - Presentation (in groups - all given the same grades) (33%)

Decentral - Written examination (34%, 60 mins.)

Attached courses

Timetable -- Language -- Lecturer

[6,246,1.00 Monetary Economics](#) -- Englisch -- [Valladares-Esteban Arnau](#)

Course information

Course prerequisites

Students need to be familiar with very basic concepts of Monetary Economics such as the uses of money or the Quantity Theory of Money. A good understanding of the IS-LM model is recommended. The ability to solve maximisation problems using the method of Lagrange multipliers is desirable.

Course content

The main objective of this course is to help undergraduate students bridge the gap between the Monetary Policy concepts and models typically seen at the undergraduate level (namely, the IS-LM Model) and the New Keynesian frameworks used at the graduate level and at central banks.

In order to achieve this objective, students are first given a non-mathematical overview of the main concepts that are relevant to understand how central banks work nowadays: inflation targeting, an interest rate rule, etc. The presentation of these concepts is complemented with a look at the data and real-life examples of Monetary Policy discussions. Once students are familiar with these new concepts, the course turns into looking at two models: a cash-in-advance model and a simplified New-Keynesian model.

List of topics

1. An overview of Modern Monetary Policy.
 1. What We Know.
 2. From Money Targeting to Inflation Targeting.
 3. Time Inconsistency, Credibility, and Independence.
 4. The Effects of Inflation.
 5. Unconventional Monetary Policy.
 6. Monetary Policy and Financial Stability.
2. Micro-funded Monetary Policy.
 1. A Cash-in-Advance Model.
 2. Optimal Policy in a CIA Model: the Friedman rule.
3. A New Keynesian Model.
 1. Monopolistic Competition: Sticky Prices.
 2. The Dixit-Stiglitz Framework.
 3. The Rotemberg Many Costs.
 4. Monetary Policy in the New Keynesian Model.



Course structure

The course consists of weekly lectures.

Course literature

The main sources of information are the lecture slides (available at StudyNet during the semester). The lecture slides are based on different chapters of the following textbooks:

- Olivier Blanchard, "*Macroeconomics*", 7th Edition. Pearson.
- Sanjay K. Chugh, "*Modern Macroeconomics*", 1st Edition. MIT Press.

During the semester academic articles and newspaper articles that complement the material in the lectures will be made available at StudyNet.

Additional course information

Arnau Valladares-Esteban is an Assistant Professor at the Department of Economics and the Swiss Institute for Empirical Economic Research of the University of St. Gallen. His research focuses on labour issues, such as labour market dynamics or earnings inequality, approached from a macro-quantitative perspective. After completing a PhD in Economics at the Barcelona Graduate School of Economics, Arnau worked as a Lecturer in Economics at the University of Southampton.

Examination information

Examination sub part/s

1. Examination sub part (1/3)

Examination time and form

Decentral - Group examination paper (all given the same grades) (33%)

Remark

Book chapter

Examination-aid rule

Term papers

- Term papers must be written without anyone else's help and in accordance with the known quotation standards, and they must contain a declaration of authorship.
- The documentation of sources (quotations, bibliography) has to be done throughout and consistently in accordance with the APA or MLA standards. The indications of the sources of information taken over verbatim or in paraphrase (quotations) must be integrated into the text in accordance with the precepts of the applicable quotation standard, while informative and bibliographical notes must be added as footnotes (recommendations and standards can be found, for example, in METZGER, C. (2017), *Lern- und Arbeitsstrategien* (12th ed., Cornelsen Schweiz).
- For any work written at the HSG, the indication of the page numbers both according to the MLA and the APA standard is never optional.
- Where there are no page numbers in sources, precise references must be provided in a different way: titles of chapters or sections, section numbers, acts, scenes, verses, etc.
- For papers in law, the legal standard is recommended (by way of example, cf. FORSTMOSER, P., OGOREK R. et SCHINDLER B. (2018), *Juristisches Arbeiten: Eine Anleitung für Studierende* (6. Auflage), Zürich: Schulthess, or the recommendations of the Law School).

Supplementary aids

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Examination languages

Question language: English

Answer language: English



2. Examination sub part (2/3)

Examination time and form

Decentral - Presentation (in groups - all given the same grades) (33%)

Remark

Central bank presentation

Examination-aid rule

Practical examination

No examination-aid rule is necessary for such examination types. The rules and regulations of the University of St. Gallen apply in a subsidiary fashion.

Supplementary aids

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Examination languages

Question language: English

Answer language: English

3. Examination sub part (3/3)

Examination time and form

Decentral - Written examination (34%, 60 mins.)

Remark

Final written exam

Examination-aid rule

Extended Closed Book

The use of aids is limited; any additional aids permitted are exhaustively listed under "Supplementary aids". Basically, the following is applicable:

- At such examinations, all the pocket calculators of the Texas Instruments TI-30 series and mono- or bilingual dictionaries (no subject-specific dictionaries) without hand-written notes are admissible. Any other pocket calculator models and any electronic dictionaries are inadmissible.
- In addition, any type of communication, as well as any electronic devices that can be programmed and are capable of communication such as notebooks, tablets, PDAs, mobile telephones and others, are inadmissible.
- Students are themselves responsible for the procurement of examination aids.

Supplementary aids

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Examination languages

Question language: English

Answer language: English

Examination content

The final mark is determined by three components:

- 34% Final written exam.
- 33% Central Bank presentation. In small groups, students choose a country of the Eurozone and simulate that they are in charge of the country's central bank in 2009, right at the beginning of the Great Recession. They then use their Monetary Policy knowledge to assess the different policy options for the selected country.
- 33% Book chapter. In small groups, students choose one of the topics in the List of Topics covered in the course. For the selected topic, the group designs and writes a book chapter aimed at teaching the concepts covered in that section of the course to other undergraduate students.



Examination relevant literature

Lecture slides and academic papers available in StudyNet by the end of the semester.

Please note

We would like to point out to you that this fact sheet has absolute priority over other information such as StudyNet, faculty members' personal databases, information provided in lectures, etc. When will the fact sheets become binding?

- Information about courses and examination time (central/decentral and grading form): from the start of the bidding process on 24 January 2019
- Information about decentral examinations (examination-aid rule, examination content, examination relevant literature): after the 4th semester week on 18 March 2019
- Information about central examinations (examination-aid rule, examination content, examination relevant literature): from the start of the enrolment period for the examinations on 08 April 2019

Please look at the fact sheet once more after these deadlines have expired.