



## Course and Examination Fact Sheet: Spring Semester 2020

### 6,246: Monetary Economics

ECTS credits: 3

#### Overview examination/s

(binding regulations see below)

Decentral - examination paper written at home (individual) (70%)

Decentral - examination paper written at home (individual) (30%)

#### 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.

#### Learning objectives

The main Content objective of the 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.

Specifically, students become familiar with the key concepts of Money and Inflation Targeting, Time Inconsistency, Credibility and Independence of the Central Bank, Inflation, Quantitative Easing, and Financial Stability. Moreover, students learn how to use and solve the Cash-in-Advance Model and a simplified version of the New Keynesian Model.

The main Performance goal is for students to be able to read and critically assess research papers.

#### Course content

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.

1. An overview of Modern Monetary Policy.
  1. What We Know.From
  2. 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 Menu 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.

## 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 and 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 (1/2)

##### Examination time and form

Decentral - examination paper written at home (individual) (70%)

##### 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., OGORÉK 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

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## 2. Examination sub part (2/2)

### Examination time and form

Decentral - examination paper written at home (individual) (30%)

### Remark

Referee Report

### 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).
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### Supplementary aids

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### Examination languages

Question language: English

Answer language: English

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## Examination content

The final grade is determined by two components:

1. Book Chapter (70%). Students write a short book chapter in one of the topics covered in the course.
2. Referee Report (30%). Students referee the chapters written by other students, provide suggestions to improve and identify the merit of the contribution.

## Examination relevant literature

Lecture slides and research papers available in Canvas by the end of the semester.



### Please note

Please note that this fact sheet alone is binding and has priority over any other information such as StudyNet (Canvas), personal databases or faculty members' websites and information provided in their lectures, etc.

Any possible references and links within the fact sheet to information provided by third parties are merely supplementary and informative in nature and are outside the University of St.Gallen's scope of responsibility and guarantee.

Documents and materials that have been submitted no later than the end of term time (CW21) are relevant to central examinations.

Binding nature of the fact sheet:

- Information about courses and examination time (central/decentral) and examination type starting from the beginning of the bidding on 23 January 2020
- Information about examinations (examination aid regulations, examination content, examination-relevant literature) for decentral examinations after the 4th semester week on 16 March 2020
- Information about examinations (examination aid regulations, examination content, examination-relevant literature) for central examinations as from the starting date for examination registration on 6 April 2020

Please consult the fact sheet again after these deadlines have expired.