

San José State University
Department of Economics
Econ 235 - Seminar in Monetary Theory and Policy
Spring 2023

Course and Contact Information

Instructor:	Justin Rietz
Office Location:	DMH 143
Telephone:	(408) 924-5416 (rarely used)
Email:	justin.rietz@sjsu.edu (best contact method)
Office Hours:	Tuesdays 1:30 – 2:30pm and by appointment.
Class Days/Time:	Tuesday, 6:00pm to 8:45pm.
Classroom:	In Person: DMH 165
Prerequisites:	Econ 102 and Econ 135 or instructor's consent.

Faculty Web Page and MYSJSU Messaging

Course materials such as syllabus, handouts, notes, assignment instructions, etc. can be found on [Canvas Learning Management System course login website](http://sjsu.instructure.com) at <http://sjsu.instructure.com>. **You are responsible for regularly checking with the messaging system** through [MySJSU](http://my.sjsu.edu) at <http://my.sjsu.edu> and your SJSU email to learn of any updates.

Course Description

Concentration on the theoretical aspects of money and monetary policy. Early and modern theories of money demand; early Keynesian and Monetarist monetary analysis; expectations and dynamic monetary business cycles; monetary policy under the Keynesian, Monetarist and New Classical assumptions; open economy monetary theory.

Course Learning Outcomes (CLO)

Upon successful completion of this course, students will be able to:

- Explain money's vital function and how it interacts with banking and the financial system.
- Explain how the interaction of the demand and stock of money determine the price level.
- Explain seigniorage and the role it has played in the history and evolution of government involvement in the monetary and financial system.
- Explain the complicated relationships between money, interest rates, and fiscal policy.
- Have some familiarity with the various factors that play a role in financial crises.

Required Texts/Readings

Textbook

1. Lawrence H. White, *The Theory of Monetary Institutions* (Oxford: Blackwell, 1999); ISBN-13: 978-0631212140.

2. J. Huston McCulloch, *Money and Inflation: A Monetarist Approach*, 2nd edn. (New York: Academic Press, 1982). (This book is out of print but will be available as a pdf copy on Canvas.)

3. Several chapters in N. Gregory Mankiw, *Macroeconomics*, 7th edn. (New York: Worth, 2010); ISBN-13: 978-1429218870. (Made available as a pdf copy on Canvas.)

Other Readings

Additional, shorter weekly readings will be made available through links or pdf copies on Canvas.

Final Examination or Evaluation

There is a final exam for the course.

Grading Information

Determination of Grades

Participation in class discussions will determine 15 percent of a student's overall grade. The final examination, which will be comprehensive, is worth another 50 percent out of the total of 100, whereas a mid-term examination is worth 35 percent

97-100 A+	93-96 A	90-92 A-
87-89 B+	83-86 B	80-82 B-
77-79 C+	73-76 C	70-72 C-
67-69 D+	63-66 D	60-62 D-
below 60 F		

Final grades will be curved. However, the curve will never hurt your grade. I do not round up grades, e.g. an 86.9 is a B, not a B+.

NOTE! As 235 is a core course, if you have not yet taken 202, you are required to get a B or better. Otherwise, you will need to retake the course.

Cheating on any exam or plagiarism on any written work will result in an automatic F for the entire course. Plagiarism includes quoting any source, including websites, without giving appropriate attribution.

Classroom Protocol

than only listening to lectures, students should be fully prepared to discuss the assigned readings for each session. Participation in these discussions will determine 15 percent of a student's overall grade. If a student misses a class, they must turn in prior to the next class a brief written summary of the readings assigned for the class they missed. These written summaries must be neatly typed, at least a total of 400 words covering all the readings, but no longer than 500 words.

University Policies

Per University Policy S16-9, university-wide policy information relevant to all courses, such as academic integrity, accommodations, etc. will be available on Office of Graduate and Undergraduate Programs' Syllabus Information web page at <http://www.sjsu.edu/gup/syllabusinfo/>. Make sure to review these university policies and resources.

Course Schedule

In addition to the below, the students will receive links to or pdf copies via Canvas of additional readings assigned for each week.

Week	Date	Topics, Readings, Assignments, Deadlines
1	Jan 31	Introduction and Overview
2	Feb 7	Readings <ul style="list-style-type: none"> • McCulloch, ch. 1 (Why Bother? About Money) • White, ch. 1 (The Evolution of Monetary Institutions)
3	Feb 14	Readings <ul style="list-style-type: none"> • McCulloch, ch. 2 (The Determination of the Price Level) • McCulloch, ch. 3 (Velocity and the Quantity Equation WRONG NAME!) • Mankiw, pp. 79-92 (ch. 4 through 4.2: Money and Inflation)
4	Feb 21	Readings <ul style="list-style-type: none"> • White, ch. 2 (Commodity Money)
5	Feb 28	Readings <ul style="list-style-type: none"> • McCulloch, ch. 4 (Expected Inflation and Interest Rates) • McCulloch, ch. 7 (Side Effects of Inflation) • Mankiw, pp. 92-118. (Money and Inflation)
6	Mar 7	Readings <ul style="list-style-type: none"> • White, ch. 3 (Money Issue by Unrestricted Banks) • White, ch. 4 (The Evolution and Rationales for Central Banking) • Mankiw, ch. 19. (Money supply, Money Demand, and the Banking System)
7	Mar 14	Readings <ul style="list-style-type: none"> • White, ch. 5 (Should Government Play a Role in Money?) • White, ch. 6 (Should Government Play a Role in Banking?)
8	Mar 21	mid-term examination.
9	Mar 28	Spring break.
10	Apr 4	Readings <ul style="list-style-type: none"> • McCulloch, ch. 5 (Inflationary Finance)

Week	Date	Topics, Readings, Assignments, Deadlines
		<ul style="list-style-type: none"> • White, ch. 7 (Seigniorage) • White, ch. 8. (Central Bank as Bureaucracy)
11	Apr 11	Readings <ul style="list-style-type: none"> • McCulloch, ch. 6 (The Inflation / Unemployment Tradeoff) • Mankiw, pp. 388-399 (AS and Short Run Trade Off) • Mankiw pp, 453-56 (Stabilization Policy)
12	Apr 18	Readings <ul style="list-style-type: none"> • White, ch. 10 (Discretion and Dynamic Inconsistency) • Mankiw, pp. 463-65. (Stabilization Policy)
13	Apr 25	Readings <ul style="list-style-type: none"> • White ch. 11 (Monetary Rules) • Mankiw, pp. 415-16 (Dynamic Model of AS and AD...) • Mankiw, pp. 457-60 (Stabilization Policy).
14	May 2	Readings <ul style="list-style-type: none"> • White ch. 12 (Competitive Supply of Fiat Type Money) • White ch. 13 (Cashless competitive payments and Legal Restrictions)
15	May 9	Readings <ul style="list-style-type: none"> • Mankiw, ch. 16. (Government Debt and Deficiys)
Final Exam	May 23	5:15 to 7:30 P.M.

In addition to the above, there are readings assigned for each week on Canvas