

THE UNIVERSITY OF HONG KONG
HKU Business School

ECON6010 – Monetary Policy: Theory and Practice

GENERAL INFORMATION

Instructor: Wataru Miyamoto

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Office Hours: TBA

Class: M4&M5, Tue 9:30am- 12:30pm, KKL603-4

Teaching Assistant: TBA

Pre-requisites: Macroeconomic Theory (ECON6012)

Co-requisites: NA

Mutually exclusive: NA

Course Website: HKU Moodle

COURSE DESCRIPTION

This course is an introduction to macroeconomic policies at the Ph.D. level, with an emphasis on monetary policy. Students are expected to be proficient in calculus, linear algebra, and macroeconomics at the graduate level. Specifically, students are expected to be familiar with the materials covered in Macroeconomic Theory (ECON6012), especially dynamic stochastic general equilibrium models. The topics covered include

- Classical Monetary Model
- New Keynesian Model
- Monetary Policy Design
- Empirical Approaches for Macroeconomic Models

The course focuses on the theoretical side of monetary economics and uses math heavily. You can check the slides of the main textbook at the author's website (<https://crei.cat/people/gali/> Click "Books" section and open slides for each chapter.) For recent monetary policy debates and institutional aspects of monetary policy, students should check ECON6065 Money and Banking class.

COURSE OBJECTIVES

1. Acquire knowledge about macroeconomic models widely used to analyze macroeconomic policies
2. Learn about empirical approaches to evaluate macroeconomic models
3. Prepare to conduct research on macroeconomic policies

Programme Learning Outcomes

PLO1: Understanding of fundamental theories and new development in economics

PLO2: Mastering of skills in analyzing economic data

PLO3: Demonstration of ability to apply economic knowledge and analytical skills to address policy and business problems

PLO4: Awareness of ethical concerns in economic issues

PLO5: Mastering of communication skills

COURSE LEARNING OUTCOMES

| Course Learning Outcomes | Aligned Faculty Goals |
|---|-----------------------|
| CLO1 Understand the basic properties of classical and New Keynesian models | PLO 1, 2 |
| CLO2 Apply the classical and New Keynesian framework to understand real world macroeconomic policy issues | PLO 1, 2, 3, 4 |
| CLO3 Understand empirical approaches to investigate the effects of macroeconomic policies | PLO 1, 2, 3 |
| CLO4 Develop potential research ideas | PLO 1, 2, 3, 4, 5 |

COURSE TEACHING AND LEARNING ACTIVITIES

| Course Teaching and Learning Activities | Expected contact hour | Study Load (% of study) |
|---|-----------------------|-------------------------|
| T&L1. Lectures | 36 hours | 25% |
| T&L2. Assignments & Presentation | 72 hours | 50% |
| T&L3. Self-study | 36 hours | 25% |
| Total | 144 hours | 100% |

| Assessment Methods | Brief Description (Optional) | Weight | Aligned Course Learning Outcomes |
|--------------------------------|------------------------------|--------|----------------------------------|
| A1. Midterm Exam | | 25% | CLO1, 2, 3 |
| A2. Final Exam | | 50% | CLO1, 2, 3 |
| A3. Assignments & Presentation | | 25% | CLO1, 2, 3 |
| | Total | 100% | |

STANDARDS FOR ASSESSMENT

| Course Grade Descriptors | |
|--------------------------|---|
| A+, A, A- | Candidate has consistently demonstrated a thorough grasp of the subject as evidenced by original or exceptionally astute analysis and synthesis, critical interpretation and presentation of principles, concepts and arguments presented within this course. |
| B+, B, B- | Candidate frequently demonstrated a substantial grasp of the subject as evidenced by an astute analysis and synthesis, critical interpretation and presentation of principles, concepts and arguments presented within this course |
| C+, C, C- | Candidate has occasionally demonstrated a general grasp of the subject as evidenced by some analysis and synthesis, critical interpretation and presentation of principles, concepts and arguments presented within this course. |
| D+, D | Candidate has demonstrated a partial grasp of the subject as evidenced by little analysis and synthesis, |

| | |
|---|--|
| F | <p>critical interpretation and presentation of principles, concepts and arguments presented within this course.</p> <p>Candidate has demonstrated a poor grasp of the subject with evidence of largely inaccurate understandings of principles, concepts and arguments presented within this course.</p> |
| Assessment Rubrics for Each Assessment | |
| This follows course grade descriptors. | |
| COURSE CONTENT AND TENTATIVE TEACHING SCHEDULE | |
| <p>We will try to cover the following topics. The first three topics are based on the main textbook.</p> <ul style="list-style-type: none"> • Classical Monetary Model • New Keynesian Model • Monetary Policy Design • Empirical Approaches for Macroeconomic Models | |
| REQUIRED/RECOMMENDED READINGS & ONLINE MATERIALS (e.g. journals, textbooks, website addresses etc.) | |
| <p>The main textbook is</p> <ul style="list-style-type: none"> • Monetary Policy, Inflation, and the Business Cycle: An Introduction to the New Keynesian Framework and Its Applications – Second Edition, Jordi Gali, Princeton University Press <p>Other materials including academic journal articles and book chapters will be announced in due dates.</p> | |
| MEANS/PROCESSES FOR STUDENT FEEDBACK ON COURSE | |
| <ul style="list-style-type: none"> • Online response via Moodle site | |
| COURSE POLICY (e.g. plagiarism, academic honesty, attendance, etc.) | |
| <ul style="list-style-type: none"> • Plagiarism and copying of copyright materials are serious offences and may lead to disciplinary actions. You are strongly advised to read the content of website “What is Plagiarism?” at https://tl.hku.hk/plagiarism/. • Cheating in exams will be punished severely. | |
| ADDITIONAL COURSE INFORMATION (e.g. e-learning platforms & materials, penalty for late assignments, etc.) | |
| <p>The contents of the main textbook.</p> <p>CHAPTER 1 Introduction CHAPTER 2 A Classical Monetary Model CHAPTER 3 The Basic New Keynesian Model CHAPTER 4 Monetary Policy Design in the Basic New Keynesian Model CHAPTER 5 Monetary Policy Tradeoffs: Discretion versus Commitment CHAPTER 6 A Model with Sticky Wages and Prices CHAPTER 7 Unemployment in the New Keynesian Model CHAPTER 8 Monetary Policy in the Open Economy CHAPTER 9 Lessons, Extensions, and New Directions</p> | |