ECON 6235: MONETARY AND FINANCIAL THEORY
Syllabus for Fall 2012
5:30 p.m. – 8:15 p.m. W
Center City 504

Instructor
Rob Roy McGregor
227C Friday Building
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Office Hours
Main Campus: 2:30 p.m. – 4:00 p.m. MW
Center City: 4:45 p.m. – 5:30 p.m. W and immediately after class
I will hold my Center City office hours in Center City 713.

Catalog Course Description
ECON 6235. Monetary and Financial Theory. (3) Prerequisites: ECON 6112 and either ECON 6201 or 6202. Theory and empirical tests of money supply, money demand, and financial markets; portfolio theory with special attention to portfolio choices of banks; term structure of interest rates; dynamic models of money and economic activity. (On demand)

Course Objective
Students will develop a familiarity with theoretical and empirical work that addresses how monetary institutions and monetary policy actions affect important variables like interest rates, prices, employment, and production.

Means of Student Evaluation
Course grades will be determined by student performance on three in-class tests and several problem sets. These components will have the following weights in the calculation of students’ final grades:

<table>
<thead>
<tr>
<th>Component</th>
<th>Weight</th>
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<tbody>
<tr>
<td>Test #1</td>
<td>20%</td>
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<tr>
<td>Test #2</td>
<td>20%</td>
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<tr>
<td>Test #3</td>
<td>20%</td>
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<tr>
<td>Problem Sets</td>
<td>40%</td>
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</tbody>
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Letter grades for the course will be based on the following scale:

<table>
<thead>
<tr>
<th>Grade</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>A</td>
<td>90% and above</td>
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<tr>
<td>B</td>
<td>80%-89.99%</td>
</tr>
<tr>
<td>C</td>
<td>70%-79.99%</td>
</tr>
<tr>
<td>U</td>
<td>below 70%</td>
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Test Dates
The first test will be on September 26; the second, on November 7; and the third, in the final exam slot for the course (5:30 p.m. – 8:00 p.m. on December 12).
**Academic Integrity**
All students are required to abide by the UNC Charlotte Code of Student Academic Integrity. Violations of the Code of Student Academic Integrity, including plagiarism, will result in disciplinary action as provided in the Code. Definitions and examples of plagiarism are set forth in the Code. The Code is available from the Dean of Students Office or online at [http://legal.uncc.edu/policies/up-407](http://legal.uncc.edu/policies/up-407).

**Disability Accommodations**
Students in this course seeking accommodations to disabilities must first consult with the Office of Disability Services and follow the instructions of that office for obtaining accommodations.

**Other**
The standards and requirements set forth in this syllabus may be modified at any time by the course instructor. Notice of such changes will be by announcement in class and by email.

The last day to withdraw from a class with a grade of W (and retain other classes) is October 29, and the last day to withdraw from all classes with grades of W is November 19.

The Center City Building will be closed the week of Labor Day because of the Democratic National Convention. Our September 5 class meeting will therefore be held in Friday 130 on the main campus.

There will be no class meeting on November 21 (Thanksgiving Break).

I will always try to be on time for each class during the semester. If I must be absent because of illness, emergencies, or University business, I will make every effort to notify you as far in advance as possible. On any given class day, though, if I am more than 30 minutes late for class and you have received no notification from me to the contrary, you may assume that class is canceled.

Between class meetings, any communication that I need to have with the class will be done by email, so students should check their University-assigned email accounts on a regular basis.

The Belk College of Business strives to create an inclusive academic climate in which the dignity of all individuals is respected and maintained. Therefore, we celebrate diversity that includes but is not limited to ability/disability, age, culture, ethnicity, gender, language, race, religion, sexual orientation, and socioeconomic status.

**Textbooks and Other Resources**
There is no required textbook for this course, but there is an extensive reading list (see the Course Outline and Required Readings below). Most of the readings are available in Atkins Library or can be obtained easily through the Library’s electronic resources. I will provide copies of any readings that are not available through Atkins Library.

**Course Outline and Required Readings**
*Important: Readings appear in the order in which I recommend that you do them.*

I. **Basic Macroeconomic Framework with Applications and Extensions**
   A. The IS-LM Model and Aggregate Demand
   B. The Classical Aggregate Supply Function and the Classical AD-AS Model
   C. The Keynesian Aggregate Supply Function and the Keynesian AD-AS Model

D. Intermediate Targets and the Practice of Monetary Policy


E. Output-Inflation Tradeoffs


F. Analysis of a Steady Inflation


II. Money, Credit, and Aggregate Demand

A. Money Demand and Money Supply


B. Money, Credit, and Aggregate Demand


III. Interest Rate Policy Rules, Inflation Targeting, and the Conduct of Monetary Policy

A. Interest Rate Policy Rules and the IS-MP Approach to Aggregate Demand


B. Inflation Targeting


C. Issues in Conducting Monetary Policy


IV. Empirical Evidence on the Effects of Monetary Policy on Output, Employment, and Prices


V. Recent Events in Historical Perspective

A. Overview


B. The Great Depression


C. The Great Inflation and the Great Moderation


D. The Recent Financial Crisis


