San José State University
Department of Economics
Econ 235—Seminar in Monetary Theory and Policy
Course No. 28494, Spring 2020

Instructor:	Jeffrey Rogers Hummel
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Office Hours:	Tuesday, 4:30-6:00 P.M.; Thursday, 1:00-2:30 P.M.; and by appointment
Class Days/Time:	Thursday, 6:30-9:15 P.M.
Classroom:	DMH 166
Prerequisites:	Econ 1A and Econ 102, or instructor consent

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 and Program Learning Objectives

From the perspective of modern monetary theory, we will examine the historical evolution of money and its impact on economic activity and prices. In the process, we will consider, compare, and contrast alternative monetary policies and regimes. This course emphasizes Economics MA PLOs 2 (*Macroeconomics*) and 4 (*Specialist Areas: Financial Economics and Policy Economics*). Students should come to the course having some familiarity with both macroeconomic models and the modern financial system.

Course Learning Outcomes

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

Textbooks

1. J. Huston McCulloch, *Money and Inflation: A Monetarist Approach*, 2nd edn. (New York: Academic Press, 1982). (This book is out of print but available as an Econ 235 Course Reader with blue cover at Maple Press, 330 South 10th Street.)

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

3. N. Gregory Mankiw, *Macroeconomics*, 7th edn. (New York: Worth, 2010); **ISBN-13:** 978-1429218870.

Other Readings

In addition to the above, the red Course Reader contains copies of or links to additional readings assigned for each week. Available at Maple Press, 330 South 10th Street.

Classroom Protocol

We will conduct this class as a graduate seminar. Rather than only listening to lectures, students should be 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 at the next class a brief written summary of the readings assigned for the class they missed. These written summaries must be at least 400 words long in total, neatly typed, but no longer than 500 words. I also encourage students to record classes if they believe doing so will help their studying.

Assignments and Grading Policy

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.

Converting number grades to letter grades:

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

Finally, if you experience any difficulty in this course, please do not hesitate to come to me for help. I am available not only during office hours but also by phone, and I am always happy to clarify hard concepts, resolve any lingering confusion, or otherwise assist you in making this course enjoyable and rewarding.

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/"

Econ 235—Seminar in Monetary Theory and Policy
Spring 2020: Course Schedule

Week	Date	Topics, Readings, Assignments, Deadlines
1	Jan 23	
2	Jan 30	McCulloch, ch. 1; White, ch. 1.
3	Feb 6	McCulloch, chs. 2-3; Mankiw, pp. 79-92 (ch. 4 through 4.2).
4	Feb 13	White, ch. 2.
5	Feb 20	McCulloch, chs. 4, 7; Mankiw, pp. 92-118.
6	Feb 27	White, chs. 3-4; Mankiw, ch. 19.
7	Mar 5	White, chs. 5-6.
8	Mar 12	McCulloch, ch. 5; White, chs. 7-8.
9	Mar 19	mid-term examination.
10	Mar 26	McCulloch, ch. 6; Mankiw, pp. 388-399, 453-56.
	Apr 2	Spring break.
11	Apr 9	White, chs. 9-10; Mankiw, pp. 463-65.
12	Apr 16	White, ch. 11, Mankiw, pp. 415-16, 457-60.
13	Apr 23	White, chs. 12-13.
14	Apr 30	Mankiw, ch. 16.
15	May 7	Mankiw, ch. 5 (including appendix).
Final Exam	Dec 14	DMH 166: **6:30 to 8:45 P.M**.

In addition to the above, the red Course Reader contains copies of or links to short, supplementary readings assigned for various weeks.

Optional Recommended Readings:

Money and Banking Texts

R. Glenn Hubbard and Anthony Patrick O'Brien, *Money, Banking, and the Financial System*, 1st edn. (Boston: Prentice Hall, 2012).

George G. Kaufman, *The U.S. Financial System: Money, Markets and Institutions*, 6th edn. (Englewood Cliffs, NJ: Prentice Hall, 1995).

Bennett T. McCallum, *Monetary Economics: Theory and Policy* (New York: Macmillan, 1989).

Roger LeRoy Miller and David D. VanHoose, *Money, Banking, and Financial Markets*, 3rd edn. (New York: McGraw-Hill, 1993).

Frederic S. Mishkin, *The Economics of Money, Banking, & Financial Markets*, Business School Edition, 4th edn. (Boston: Pearson, 2015).

Peter S. Rose and Milton H. Marquis, *Money and Capital Markets: Financial Institutions and Instruments in a Global Market Place*, 10th edn. (Boston: McGraw-Hill Irwin, 2008).

Marcia Stigum and Anthony Crescenzi, *Stigum's Money Market*, 4th edn. (New York: McGraw Hill, 2007).

Monetary Theory

Kevin Dowd, *Competition and Finance: A Reinterpretation of Financial and Monetary Economics* (New York: St. Martin's Press, 1996).

Kevin Dowd and Richard H. Timberlake, Jr., eds., *Money and the Nation State: The Financial Revolution, Government and the World Monetary System* (New Brunswick, NJ : Transaction Publishers, 1998).

Milton Friedman, *The Optimum Quantity of Money and Other Essays* (Chicago: Aldine, 1969).

Milton Friedman, ed., *Studies in the Quantity Theory of Money* (Chicago: University of Chicago Press, 1956).

David E. W. Laidler, *Taking Money Seriously and Other Essays* (Cambridge, MA: MIT Press, 1990).

Miles Livingston, *Money and Capital Markets: Financial Instruments and Their Uses* (Englewood Cliffs, NJ: Prentice Hall, 1990).

Ludwig von Mises, *The Theory of Money and Credit*, rev. edn. (London: Jonathan Cape, 1934).

Don Patinkin, *Money, Interest, and Prices: An Integration of Monetary and Value Theory*, 2nd edn., abridged (Cambridge: MIT Press, 1989).

Murray N. Rothbard, *The Mystery of Banking* (New York: Richardson & Snyder, 1983).

Thomas J. Sargent, *Rational Expectations and Inflation*, 2nd edn. (New York: HarperCollins, 1993).

George A. Selgin, *A Theory of Free Banking: Money Supply Under Competitive Note Issue* (Totowa, NJ: Rowman & Littlefield, 1988).

Lawrence H. White, *Competition and Currency: Essays on Free Banking and Money* (New York: New York University Press, 1989).

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Optional Recommended Readings (continued):

Monetary History

Kevin Dowd, ed., *The Experience of Free Banking* (London: Routledge, 1992).

Milton Friedman, *Money Mischief: Episodes in Monetary History* (New York: Harcourt Brace Jovanovich, 1992).

Milton Friedman and Anna Jacobson Schwartz, *A Monetary History of the United States, 1867-1960* (Princeton, NJ: Princeton University Press, 1965).

Charles A. E. Goodhart, *The Evolution of Central Banks* (Cambridge, MA: MIT Press, 1988).

Alan Greenspan, *The Age of Turbulence: Adventures in a New World* (New York: Penguin Press, 2007).

William Greider, *Secrets of the Temple: How the Federal Reserve Runs the Country* (New York : Simon & Schuster, 1989).

Edward J. Kane, *The S & L Insurance Mess: How Did It Happen?* (Washington: Urban Institute Press, 1989).

Angela Redish, *Bimetallism: An Economic and Historical Analysis* (Cambridge: Cambridge University Press, 2000)

Murray Rothbard, *America's Great Depression* (Princeton, NJ: Van Nostrand, 1963).

Thomas J. Sargent and François R. Velde, *The Big Problem of Small Change* (Princeton, NJ: Princeton University Press, 2002).

Geroge A. Selgin, *Good Money: Birmingham Button Makers, the Royal Mint, and the Beginnings of Modern Coinage, 1775-1821* (Ann Arbor: University of Michigan Press, 2008).

Gene Smiley, *Rethinking the Great Depression* (Chicago: Ivan R. Dee, 2002).

Richard H. Timberlake, Jr., *Monetary Policy in the United States: An Intellectual and Institutional History* (Chicago: University of Chicago Press, 1978).

Lawrence H. White, *Free Banking in Britain: Theory, Experience, and Debate, 1800-45* (Cambridge: Cambridge University Press, 1984).

Monetary and Financial Reform

H. Geoffrey Brennan and James M. Buchanan, *Monopoly in Money and Inflation: The Case for a Constitution to Discipline Government* (London: Institute of Economic Affairs, 1981)

Tyler Cowen and Randall Kroszner, *Explorations in the New Monetary Economics* (Oxford: Blackwell, 1994).

Milton Friedman, *A Program for Monetary Stability* (New York: Fordham University, 1960).

Friedrich A. von Hayek, *The Denationalization of Money--The Argument Refined: An Analysis of the Theory and Practice of Concurrent Currencies*, 2nd edn. (London : Institute of Economic Affairs, 1978).

David Glasner, *Free Banking and Monetary Reform* (Cambridge: Cambridge University Press, 1989).

George A. Selgin, *Bank Deregulation and Monetary Order* (London: Routledge, 1996).

Benn Steil and Manuel Hinds, *Money, Markets, and Sovereignty* (New Haven: Yale University Press, 2009).

Martin Wolf, *Fixing Global Finance* (Baltimore: Johns Hopkins University Press, 2008).