

Antalya Bilim University
Faculty of Economics, Administrative and Social Sciences
Department of Economics
ECON 1308 – Monetary Economics II
(ECON 3106 – Money Theory and Policy)
Spring, 2025

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Class time& Place: Friday 09:30-12.20 (B1-03)

Course Objective

This course aims to examine how monetary policy is conducted, the role of central banks, the money supply process and its effects on the international financial system. Students will learn how monetary policy is shaped by understanding monetary policy instruments and strategies and their effects on economic growth, inflation and foreign exchange markets.

The course provides a comprehensive coverage of the money supply process and monetary policy instruments, starting from the roles of central banks. Students analyse the strategies and tactics of monetary policy, foreign exchange markets and the international financial system. In addition, topics such as monetary theory, inflation and money demand are emphasized. Within the framework of macroeconomic analysis, in-depth analyses of the IS curve, monetary policy and aggregate demand curves are conducted. The theory of monetary policy and the role of expectations are also among the main topics of the course. Finally, the transmission mechanisms of monetary policy are analysed and the economic effects of monetary policy decisions are considered.

Course Book

- Frederic S. Mishkin, Economics of Money, Banking and Financial Markets, 13th International Edition, (Pearson, 2020).

Recommended Additional Reading

- Sergio Focardi, Money: What It Is, How It's Created, Who Gets It, and Why It Matters- Routledge (2018)
- Robert Skidelsky, Money and Government: The Past and Future of Economics, Yale University Press (2018)
- Murray N. Rothbard - Mystery of Banking, The 2nd Edition-(Ludwig von Mises Institute,2008) (You can download as free)

Enhancing Graduate Attributes

Through participation in course activities and engagement with the course material, students are guided to cultivate the following graduate characteristics. These attributes are evaluated through assessment tasks:

- Proficiency in academic research skills;
- Meaningful interaction with pertinent subject knowledge;
- Developing the knack for thinking analytically and critically;
- Fostering the habit of learning independently and reflectively

Engage with Pre-Reading Materials

Familiarize yourself with the foundational concepts by engaging with any pre-reading or preliminary resources provided before the course officially begins, aiding in a smoother transition into more complex topics.

Active Participation

Plan to actively participate in all class discussions and activities, as engagement not only reinforces learning but also fosters a collaborative and dynamic educational environment.

Utilize Available Resources

Take advantage of the multitude of resources available, including textbooks, online platforms, and library services, to supplement your learning and clarify any concepts you find challenging.

Assessment Criteria

- Midterm (40%): Students are responsible for all class material covered until the midterm exam.
- Final Exam (60%): This exam is cumulative and will cover all units and topics studied throughout the course. However, the emphasis of the final exam will be on those topics covered after the midterm.

Academic Honesty and Plagiarism

Plagiarism means using someone else's words or ideas without giving them credit, and it is considered a serious offense. Therefore, plagiarism is a type of intellectual theft. This could be intentional or unintentional, such as not citing a source properly. In Turkey's educational system, there are strict penalties for those caught plagiarizing.

Course Schedule

WEEK 1 Central Banks

WEEK 2 The Money Supply Process

WEEK 3 Tools of Monetary Policy

WEEK 4 The Conduct of Monetary Policy: Strategy and Tactics

WEEK 5 The Foreign Exchange Market

WEEK 6 The International Financial System
WEEK 7 Quantity Theory, Inflation, and Demand for Money
WEEK 8 MIDTERM EXAM
WEEK 9 The IS Curve
WEEK 10 The Monetary Policy and Aggregate Demand Curves
WEEK 11 Aggregated Demand and Supply Analysis
WEEK 12 The Phillips Curve and the Short-Run Aggregate Supply Curve
WEEK 13 Monetary Policy Theory
WEEK 14 The Role of Expectation in Monetary Policy
WEEK 15 Transmission Mechanisms of Monetary Policy