International University of Japan

Graduate School of International Relation

Academic Year: 2013 / 2014

Term: Fall

Course Code / Title	DCC5281 Monetary Economics and Policy Analysis		
Name of Instructor	ChingYang Lin		Credit Number: 2
Instructor's Contact Information	Office#:323	Office Hours: Monday 1:00-2:00	E-mail:Clin@iuj.ac.jp
Class Schedule Day(s)/Period(s)	Wednesday (3rd), Friday(4th)		

Course Description :This class provides an introduction to modern analysis of monetary policy based on the new keynesian model. Topics cover analysis of key issues in monetary theory and policy, including relationships between money, output and prices (for both long-run and short-run), causes of business cycles, and the concept of inflation targeting and stablization policy.

Learning Objectives:
The objective of this class is to equip students with the ability to explore questions based on empirical evidence and conduct research for master's thesis based on a rigorous theory model.

Career Relevance:
This course will provideintermediate level of knowledge ans analysis skills for students considering work in the posotions related to monetary policy analysis, such as IMF, central bank and other research institution.

Course Context or Rationalization:
Students may take this class, if he/she will write thesis related to the topics of business cycle and monetary polciy. This course is highly related to another two subjects: "Advanced Macroeconomics" and "Time Series Analysis". Students may take this course if she/he who are consinding taking these courses or have taken these courses.

Delivery Methods:
Course are lecture-based. For each topic, empirical evidence will be examined and later the theory forconducting analysis will be taught by lecturer. Once the basic knowledge is built, students are strongly encouraged to be involved in discussion in class.

Grading: There will be four assignments (60%) and one final exam(40%). Students will receive at least 4 assignemnts. Student may work alone or in groups of up to 3. The purpose of these assignments is to help you review the materials in class. In each assignment, students will be asked to solve a model and explain its implication. Some of the problem sets involve computational analysis. Final exam will be hold in the last calss. Exam is open book, based on the topics covered in the class.	
Prerequisite:	All the required course in the first year of International development/economics program
Textbook(s)	Required: Monetary Policy, Inflation, and the Business Cycle: An Introduction to the New Keynesian Framework Jordi Galí Reference books/Journal Articles: 1.Walsh, Carl E. Monetary Theory and Policy (ch., 216-244). MIT press, 2003. 2. Goodfriend, M., 2002. Monetary Policy in the New Neoclassical Synthesis: A Primer. International Finance, 5(2), pp.1–28. 3.Clarida, R. & Gali, J., 1999. The science of monetary policy: a new Keynesian perspective. p.80. 4. Christiano, Lawrence J., Martin Eichenbaum, and Charles L. Evans. "Nominal rigidities and the dynamic effects of a shock to monetary policy." Journal of political Economy 113.1 (2005): 1-45. 5. McCandless, G.T. & Weber, W.E., 1995. Some monetary facts. Federal Reserve Bank of Minneapolis Quarterly Review, 19(3), pp.2–11. 6.Walsh, C., 2005. Labor market search, sticky prices, and interest rate policies. Review of Economic Dynamics, 8(4), pp.829–849. 7.Blanchard, O. & Galí, J., 2010. Labor Markets and Monetary Policy: A New Keynesian Model with Unemployment. American Economic Journal: Macroeconomics, 2(2), pp.1–30.

Class Outline	1. Introduction to Monetary Policy and the Empirical Evidence (week 1-3) (a) The stylized facts regarding monetary policy and other economic activity. (Walsh ch1) (b) The basic concept of a monetary model (Goodfriend(2002)) 2. The New Keynesian Model and its Policy Implications (week 4-8) (a) Basic model: A RBC model with friction (Gali Ch2) (b) Model presentation, log-linearization, and impulse responses analysis (Gali Ch3) (c) Numerical analysis: Calibration and Dynare (d) Optimal Monetary Policy and Time Inconsistency (Gali Ch4) 3. Related Topics (week 9-10) (a) Monetary policy and unemployment rates (b) A samll open economy model (Gali ch7)
Others (if any)	