

# ECON5040 Macroeconomic Theory II

Spring 2025

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## Course Objective:

This course is a graduate-level survey of monetary economics with an emphasis on macroeconomic elements. The major focus will be on models and theories of money, while relevant empirical literature will also be incorporated. The topics include both flexible price models and sticky price models with money.

## Required Textbook:

C. Walsh, *Monetary Theory and Policy* (4th Edition), MIT Press, 2017.

## Additional References:

M. Woodford, *Interest and Prices*, Princeton University Press, 2003.

## Course Evaluation:

Grades for this course will be based on weighted average of two components: assignments (50%) and final examination (50%).

## Major Topics:

1. Empirical Evidence on Money, Prices, and Output.
2. Money-in-the-Utility Function;
3. Cash-in-Advance Models;
4. Lucas Island Model;
5. Limited participation Model.

6. Fischer and Taylor Model.
7. CKM model and Inflation bias.
8. Selected Topics

Notes: All students are expected to read and understand The Chinese University of Hong Kong's policies with regard to academic dishonesty. These policies are available at the following web addresses: <http://www.cuhk.edu.hk/policy/academic dishonesty/>.