

CARLETON UNIVERSITY
DEPARTMENT OF ECONOMICS

WINTER 2024

ECON 3607 A

MONETARY AND FINANCIAL INSTITUTIONS

Instructor: Professor Vivek H. Dehejia

Office hours: Thursday, 2.30 pm - 4.30 pm, LA D890, or by appointment

Email: vivek.dehejia@carleton.ca

Brightspace: <https://brightspace.carleton.ca/d2l/home/221279>

Class time: Tuesday, 2:35 pm — 5:25 pm

NOTE: THIS CLASS IS AN IN-PERSON CLASS ONLY AND IS NOT SUITABLE FOR ONLINE STUDENTS. ATTENDANCE AT CLASS LECTURES IS MANDATORY. LECTURES WILL NOT BE RECORDED AND WILL NOT BE AVAILABLE ON BRIGHTSPACE. I DO NOT LECTURE FROM PREPARED NOTES OR USE POWERPOINT SLIDES. THEREFORE, NO LECTURE NOTES OR POWERPOINT SLIDES WILL BE MADE AVAILABLE. YOU WILL NEED TO ATTEND CLASS LECTURES AND TAKE YOUR OWN NOTES. IF YOU MISS A LECTURE FOR WHATEVER REASON, IT IS YOUR RESPONSIBILITY TO MAKE UP THE MISSED MATERIAL.

NOTE: OTHER THAN THE COURSE OUTLINE, NO OTHER COURSE INFORMATION WILL BE AVAILABLE ON BRIGHTSPACE. ALL INFORMATION WILL BE SHARED IN CLASS. IF YOU WISH TO SPEAK WITH ME, COME TO MY OFFICE HOURS.

Course description and readings

Calendar Description, Preclusions, Prerequisites

The behaviour of financial intermediaries and institutions such as the Bank of Canada, banks and trust companies, and regulatory bodies such as the Canada Deposit Corporation and the Superintendent of Financial Institutions.

Prerequisite(s): ECON 1001 and ECON 1002, or ECON 1000 or FYSM 1003.

Required Readings

Vivek Dehejia, “The perils of cheap money”, July 19, 2015, Mint. DOWNLOAD HERE: <https://www.livemint.com/Opinion/FjZKeHGikBBti8s3LKM3dl/The-peril-of-cheap-money.html>

Vivek Dehejia, “Capital flows and the Raghuram Rajan hypothesis”, Mint, October 1, 2016. DOWNLOAD HERE: <https://www.livemint.com/Sundayapp/q56lSUXOoV6fE23jXhlt3L/Capital-flows-and-the-Raghuram-Rajan-hypothesis.html>

Vivek Dehejia and Rupa Subramanya, “Demonetisation failed to make India a ‘less cash’ society”, Mint, June 17, 2018. DOWNLOAD HERE: <https://www.livemint.com/Opinion/PGRi4ySZO2HOWkARKq8GeM/Demonetisation-failed-to-make-India-a-less-cash-society.html>

John H. Cochrane, et. al., Currencies, Capital, and Central Bank Balances, Hoover Institution Press, 2019. PURCHASE HERE: https://www.amazon.ca/Currencies-Capital-Central-Bank-Balances-ebook/dp/B07Q3ZPTJZ/ref=sr_1_1?crid=130CHPQX6850C&keywords=currencies+capital+and+central+bank+balances&qid=1692278512&s=digital-text&prefix=currencies+capital+and+central+bank+balances%2Cdigital-text%2C100&sr=1-1

Vivek Dehejia, “Inflation should worry the left, too”, Financial Post, November 24, 2021. DOWNLOAD HERE: <https://financialpost.com/opinion/vivek-dehejia-inflation-should-worry-the-left-too>

Vivek Dehejia, “The Bank of Canada needs to get serious about inflation”, Financial Post, March 24, 2022. Adapted from expert witness testimony before the House of Commons Standing Committee on Finance. DOWNLOAD HERE: <https://financialpost.com/opinion/the-bank-of-canada-needs-to-get-serious-about-inflation>

Ben S. Bernanke, 21st Century Monetary Policy: The Federal Reserve from the Great Inflation to COVID-19, W.W. Norton & Company, 2022. PURCHASE HERE: https://www.amazon.ca/21st-Century-Monetary-Policy-Inflation-ebook/dp/B09KMCLZX5/ref=sr_1_1?crid=2YEQY1X3DAOZZ&keywords=bernanke+ben&qid=1692278600&s=digital-text&prefix=bernanke+ben%2Cdigital-text%2C101&sr=1-1

Vivek Dehejia, “Unconventional Monetary Policies: A Cure Worse than the Disease?”, Substack, 2022. DOWNLOAD HERE: <https://vivekdehejia.substack.com/p/unconventional-monetary-policies>

The books are not on order at the university bookshop. These are not “textbooks”, but “regular” books, that are available through conventional bookshops, both brick-and-mortar and on-line, including, for example, Amazon Canada. You will be required to purchase these books through the book seller of your choice. I would strongly suggest purchasing the electronic version of the books. It is cheaper than the print version and will be delivered instantaneously to your preferred device, such as, for example, a Kindle reader or Kindle app on your computer, smartphone, or tablet. **I have included links above to the Kindle Edition at Amazon Canada; but you are welcome to purchase the books from another bookseller of your choice. If you opt for a paper rather than electronic version, ensure they arrive in a timely manner so that you are not left waiting for the books as the course proceeds. That is why I strongly suggest purchasing the electronic edition of the books.**

Note that, unlike, perhaps, some of your other classes, we will not be working through the books chapter-by-chapter, page-by-page, as

one would with a course oriented around a “textbook”. Rather, the books provide essential background and context to the in-class lectures. To succeed in the course, you will need to do the readings (see also below) and attend class regularly, taking good notes from both readings and in-class lectures.

Additional readings or other materials (such as articles from journals or newspapers, audio or video material, podcasts, blog posts, etc.) will be assigned during the course of the term. These will be announced in class and you will be told how to download such materials. It is your responsibility to be present in class to learn of additional readings and how to get access to them. Such additional materials shall be considered an addendum to this course outline.

In addition, as this course relates economics, politics, and philosophy, to public policy and current events, it is incumbent on you to be conversant with major global news stories as they relate to the course themes and topics. You may pick your news sources, but ensure that they are credible and accurate. My own regular sources of news, information, and analysis are: The New York Times; The Wall Street Journal; The Financial Times; The Economist; Foreign Affairs; and Reuters, amongst others. I track these on a daily basis. While all of these require subscriptions, some offer student subscriptions at a considerable discount, and some are available through the university library system. All of these publications also feature on-line content and podcasts that are, for the most part, freely available and are highly recommended.

Themes/Topics

The course will examine debates are monetary and financial institutions that have arisen out of the global financial crisis of 2007-2009 and aftermath. We will examine debates around the structure of the global monetary system, in particular, the debate between fixed vs. flexible exchange rates, in the context both of Canada and the global economy.

Additional topics, related to the central themes, will be adumbrated during the course of the term. A week-by-week outline will not be provided. Rather, the course will be allowed to evolve organically

from week to week as we work through the material and in light of new material or news events that may speak to our topics.

Learning Outcomes

The intended learning outcome is to gain knowledge of the subject matter of the course and to receive training in thinking, reading, and writing analytically and critically, as well as to receive training in speaking effectively in a seminar discussion setting.

Evaluation

The course evaluation consists of two main components: class attendance/participation (worth 50 points) and a take-home final exam (worth 50 points).

These break down as follows. The first component of class attendance/participation consists of 25 points for regular class attendance. A roll call will be taken at the beginning of each class. **For any class you miss, regardless of the reason, you will lose 2 marks. If you come late, after roll call has been taken, you will be marked as absent.** The second component of class attendance/participation consists of 25 points for regular class participation. Your score on this component will be gauged both on the quantity and the quality of your interventions in class. Class participation includes, for example, asking questions of clarification during the lecture, or responding to questions which I may pose to the class. **Class participation will also involve making presentations in class based on assignments announced in a previous class. Details will be shared only in class. This makes it imperative to attend classes regularly.**

You are strongly encouraged to seek information from me on your progress in the class participation component of the grade. The appropriate forum for this is my office hours, in which I will be able to share personalized feedback on your progress in class participation and where and how you can improve your performance. I would suggest waiting for the first three or four weeks of classes before seeking such input so that I will have a

better sense of where everyone is on class participation. You should feel free to seek updates on this throughout the term by coming to office hours.

The remainder of the course grade will be based on a take-home final exam worth 50 points. The exam will be assigned in the last class of the term. That is Tuesday, April 9, 2024. Details on the exam structure will be announced in class. **The exam will be shared only in class and not on Brightspace. You must attend the final class to receive the take home exam assignment.** The exam is due on Thursday, April 25, 2024. **You will need to email the exam to my official university email address, shared at the top of this course online. Do not use Brightspace.** The due date is the date stipulated by the university as the last day on which take-home exams may be due. So, you will have the maximum time I am allowed to give to write your take-home final exam.

Please note that the exam will require you to refer to information shared with you in class by me during the course of the lecture and my replied to any questions raised in class. Thus, it will not be possible to “outsource” the exam to a generative AI chatbot or another person who has not attended class, noting, of course, that doing so would in any case violate university academic integrity policies in addition to being a bad idea. Likewise, if you have not attended class regularly, not only will you be docked marked on attendance and not be able to participate in class discussion, you will be ill-prepared to write the final exam, making it very unlikely that you will succeed in the course.

Late Submission/Non-submission of the take-home final exam/Satisfactory performance criteria

Late submission of the take home-final exam will not be accepted for any reason and will lead to a grade of “F” on the course, regardless of your performance in the seminar component of the grade. If you fail to submit the take-home final exam by the deadline, for whatever reason, any request for a deferred final exam must be taken up

directly with the university Registrar's Office (RO) within three working days of the due date. The RO will determine if you are eligible for a deferred final exam and, if you are permitted, will duly inform me of their decision.

Plagiarism

The university's policy on plagiarism may be found here: <https://carleton.ca/FASS-FPA-teaching-regulations/course-outlines/> .

You are expected to read and understand this policy.

Generative AI (e.g., ChatGPT)

With the advent of generative AI, such as ChatGPT, the university requires that instructors outline a policy on if, and how, its use is allowed.

In this course, you are permitted to use generative AI chatbots, such as ChatGPT or other similar large language models, as a research tool, much as you would use a Google search on the internet to ferret out information, data, sources, etc. However, work you submit must be your own and written by you, not by an AI chatbot. Please also be aware that AI chatbots such as ChatGPT can “hallucinate”, and respond to your query with factually incorrect information that is has made up but which is not true. If you use an AI chatbot as a research tool, it is your responsibility to fact check any information that the chatbot shares with you. The same holds, of course, for any other information you locate on the internet — if in any doubt of its veracity, and as a matter of prudence, fact check it.

Mental Health

As a University student you may experience a range of mental health challenges that significantly impact your academic success and overall well-being. If you need help, please speak to someone. There are numerous resources available both on- and off-campus to

support you. You can find detailed information here: <https://carleton.ca/wellness/> .

Academic Accommodations

The university's policy on accommodations may be found here: <https://students.carleton.ca/course-outline/> .

If you wish to seek accommodations, it is your responsibility to read and understand this policy.