

## **MONETARY THEORY AND POLICY (I)**

In this course we would like to discuss some monetary theories and the related policy issues, with special references to quantitative easing, theory of interest, exchange rate, and international monetary system.

### **Requirements:**

midterm (50%) and term paper (50%, including oral presentation).

### **Office Hours:**

Tuesdays, 2:00-3:00 p.m. (Social Sciences 3F02); otherwise, by appointment

Web: <https://web.ntpu.edu.tw/~guan>

## **Course Outline**

### **Monetary Models: Overlapping Generations and Cash-in-Advance**

Paul A. Samuelson, “An Exact Consumption-Loan Model of Interest with or without the Social Contrivance of Money,” *Journal of Political Economy*, 1958, 467-482.

Robert E. Lucas, Jr. and Nancy Stokey, “Money and Interest in a Cash-in-Advance Economy,” *Econometrica*, 1987, 491-513.

### **Monetary Theories: Quantity Theory of Money and Real Bills Doctrine**

David Hume, “Of Interest,” *Essays, Moral, Political and Literary*, Liberty Fund, 1987

Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, 5th edition, 1789; Modern Library, 1994, Bk.II, Ch.II.

Thomas J. Sargent, “Where to Draw Lines: Stability versus Efficiency,” *Economica*, 2011, 197-214.

De-Xing Guan, *The Nature of Economics: Smith, Coase, and the Substitution Structure of Production*, World Scientific, 2025, Ch. 9.

## **Triffin dilemma, Twin Deficits, and the Mar-a-Lago Accord**

Barry Eichengreen, *Exorbitant Privilege*, Oxford University Press, 2011.

Paul Volcker with Christine Harper, *Keeping at It*, PublicAffairs, 2018 (主席先生，早安財經文化，2021).

Richard C. Koo, *The Holy Grail of Macroeconomics*, revised and updated edition, Wiley, 2009 (總體經濟的聖杯，財信，2009).

Stephen Miran, *A User's Guide to Restructuring the Global Trading System*, Hudson Bay Capital, November 2024.

## **Midterm Exam**

### **Monetary Policies: Housing Price and Coase Conjecture**

John Maynard Keynes, *The General Theory of Employment, Interest, and Money*, Macmillan, 1936, Ch. 15. (就業、利息和貨幣的一般理論，五南，2023).

Ronald H. Coase, "Durability and Monopoly," *Journal of Law and Economics*, 1972, 143-149.

Gene M. Grossman and Noriyuki Yanagawa, "Asset Bubbles and Endogenous Growth," *Journal of Monetary Economics*, 1993, 3-19.

### **Cryptocurrency and Cashlessness**

Kenneth S. Rogoff, *The Curse of Cash*, Princeton University Press, paperback edition, 2017 (現金的詛咒，時報文化，2018).

Neil Wallace, "The Case for Imposing Cashlessness: A Review Article," *Journal of Economic Literature*, 2018, 1587-1591.

## **Term-Paper Presentation**