Monetary Economics (CM)
Bachelor in Economics and Management 2
Fall 2023

This 24-hour course is part of the bachelor in economics and management programme at the University of Angers. It is compulsory for students in their second year of study.

Class hours: Wednesdays from 10h00 to 13h00
Room: Amphitheatre Quartz
First session: 20 September 2023
Office hours: by appointment, write to Guido.Hulsmann@univ-angers.fr

Evaluation
Final exam (100%).

Contents and objectives
In this course we will present the most important monetary mechanisms, the major debates on monetary theory, and the basic monetary institutions of our present day. We will frequently rely on the history of economic thought and illustrate our remarks with references to monetary history.

We first analyse the general characteristics of the economic goods that serve as monies (Part I). Then we will study in some detail monetary exchange respectively money prices, which will lead us to consider the causes of inflations and deflations (II and III). Then we will look at the major issues surrounding money production, respectively money creation. In a first step we will look at the mechanisms of competitive money production (IV) and then turn to examine the motives, techniques, and consequences of state interventions (V and VI). We conclude with an analysis of the impact of money creation on aggregate output (VII).

The main objective of the course is to put participants in a position to understand the causes and consequences of the demand for money and of money creation; to familiarise them with the founding debates of monetary theory; and to know the main contemporary monetary institutions.
Bibliography


Overview

I. The Nature of Money
   1 Indirect Exchange
   2 The Functions of Money
   3 Origins of Money
   4 Typology of Monies

II. Money Prices: General Issues
    5 The Subjective Value of Money
    6 The Demand for Money
    7 The Formation of Money Prices Through Exchange
    8 Monetary Equilibrium

III. Money Prices: Special Issues
     9 The Causes of the Demand for Money
    10 The Quantity Theory
    11 Cantillon Effects
    12 Inflation and Deflation

IV. The Unhampered Production of Money
    13 The Production of Monies
    14 The Production of Money Substitutes

V. Monetary Interventions: General Issues
   15 Currency School and Banking School
   16 Overview
   17 Gresham’s Law
   18 The Institutional Dynamics of Monetary Interventions

VI. Monetary Interventions: Special Issues
    19 Creeping Price-Inflation
    20 Measuring Capital Consumption
    21 Hyperinflation
    22 Deflation Spirals

VII. The Production of Money and Aggregate Output
     23 The Theory of Idle Resources
     24 Cheap Credits
     25 Fuelling Consumer Spending
     26 Fuelling Exports
     27 Monetary Stabilisation