

Monetary Economics
Econ 111
Winter 2002

Syllabus

Professor Marjorie Flavin

Office: Econ 216

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Office hours: Monday, 11:00 – 12:00 and Thursday, 2:30 – 3:30

Required text: Frederic Mishkin, The Economics of Money, Banking, and Financial Markets, Addison, Wesley, Longman, 6th edition.

Recommended text: economics articles in the Wall Street Journal

Class meetings: Monday, Wednesday, and Friday, 1:25-2:15 in HSS 2250

TA: Carlos Capistran Office hours: Tues and Fri 9:30 – 10:30

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Contents of the course:

The determination and behavior of interest rates; the structure and operation of central banks, including the US central bank and the European central bank, the determination of exchange rates, the implementation of monetary policy, the international monetary system, and the relationship between money and inflation.

In addition to the sheer intellectual pleasure of understanding the operation of the financial system, you will find the material in this course of great practical use in any of the following endeavors: evaluation the terms of car loans or mortgages, understanding why the stock market rises or falls dramatically when Alan Greenspan utters a few words, and understanding the policy debate as to whether Britain should enter the European monetary union.

Course grade: Midterm 1:	25%
Midterm 2:	25%
Final exam:	50%

Problem sets: I will hand out problem sets during the course of the quarter. The problem sets will not be graded and therefore will not count directly toward your grade for the course. The problem sets are designed to give you practice on the types of problems that may appear on the exams, so I strongly recommend that you work through them as part of your preparation for the exams.

Exams: The dates of the midterms are indicated on the schedule. If you have some schedule conflict that prevents you from taking one of the midterms, please discuss the situation with me within the first two weeks of the quarter.

<u>Date</u>	<u>Chapter</u>	<u>topic</u>
Monday, January 7:	1 and 2	Introduction
Wednesday, January 9:	3	What is money?
Friday, January 11:	4	Interest rates
Monday, January 14:	4	
Wednesday, January 16:	5	The behavior of interest rates
Friday, January 18:	5	
Monday, January 21:	no class (holiday)	
Wednesday, January 23:	6	The term structure of interest rates
Friday, January 25:	6	
Monday, January 28:	6	
Wednesday, January 30:	7	Exchange rates
Friday, February 1:	Midterm 1 on chapters 1-6	
Monday, February 4:	7	
Wednesday, February 6:	7	
Friday, February 8:	14	The structure of central banks
Monday, February 11:	17	Tools of monetary policy
Wednesday, February 13:	17	
Friday, February 15:	18	The conduct of monetary policy
Monday, February 18:	no class (holiday)	
Wednesday, February 20:	Midterm 2 on chapters 7, 14, and 17	
Friday, February 22:	18	
Monday, February 25:	19	The international financial system
Wednesday, February 27:	19	
Friday, March 1:	19	
Monday, March 4:	20	Monetary policy; international
Wednesday, March 6:	20	
Friday, March 8:	20	
Monday, March 11:	26	Money and inflation
Wednesday, March 13:	26	
Friday, March 15:	26	

Final exam: Tuesday, March 19, 11:30 – 2:30 pm