

Econ 111: Monetary Economics

Winter 2006

Syllabus

Professor Marjorie Flavin

Office: Econ 216

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Office hours: Monday 12:00-1:20 and Thursday 2:00-3:00
or by appointment

Required text: Frederic Mishkin, The Economics of Money, Banking, and Financial Markets, Pearson, Addison Wesley, 7th edition/update.

Note: There are two different versions of the 7th edition; the original 7th edition which was published in 2004, and 7th edition/update, which has a copyright of 2006. Either version is OK.

Prerequisites: Math 10A or 20A and Econ 1A, 1B or Econ 2A,2B or Econ 1,2,3

Class meetings: Monday, Wednesday, and Friday, 11:00-11:50, Center 109

TA: Yi Zhang

Email: y9zhang@ucsd.edu

Office hours: Tuesday 12:30-2:00 pm and Friday 12:00 – 1:00 pm

Office: Econ 119

Contents of the course:

The determination and behavior of interest rates; the determination of asset prices and returns in the stock market, the theory 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 these aspects of monetary economics, 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 the Chairman of the Federal Reserve utters a few words, and understanding the policy debate as to whether Britain should enter the European monetary union.

Course grade: Midterm 1: 20%
Midterm 2: 20%
Problem Sets: 10%
Final exam: 50%

Problem sets: Problem sets are due at the beginning of class.

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.

Econ 111 Reading Assignments

<u>Date</u>	<u>Chapter</u>	<u>topic</u>
Monday, Jan 9:	1,2	Introduction; a brief history of money
Wednesday, Jan 11:	3	Why money is valued
Friday, Jan 13:	4	Interest rates and debt instruments
Monday, Jan 16:	no class (Martin Luther King day)	
Wednesday, Jan 18:	4	
Friday, Jan 20:	4	
Monday, Jan 23:	5	The behavior of interest rates
Wednesday, Jan 25:	5	
Friday, Jan 27:	6	The term structure of interest rates
Monday, Jan 30:	6	
Wednesday, Feb 1:	Midterm 1 on material through chapter 5	
Friday, Feb 3:	6	
Monday, Feb 6:	7	The stock market
Wednesday, Feb 8:	7	
Friday, Feb 10:	7	
Monday, Feb 13:	7	
Wednesday, Feb 15:	19	Exchange rates
Friday, Feb 17:	19	
Monday, Feb 20:	no class (President's day)	
Wednesday, Feb 22:	Midterm 2 on chapters 6 and 7	
Friday, Feb 24:	19	
Monday, Feb 27:	20	The international financial system
Wednesday, March 1:	20	
Friday, March 3:	22	The demand for money
Monday, March 6:	26	The monetary transmission mechanism
Wednesday, March 8:	27	Money and inflation
Friday, March 10:	27	
Monday, March :13	27	
Wednesday, March 15:	27	
Friday, March 17:	27	

Final exam: Thursday, March 23, 11:30 a.m. - 2:30 p.m.