

Monetary Economics

Econ 440

MW 1:30pm-2:45pm

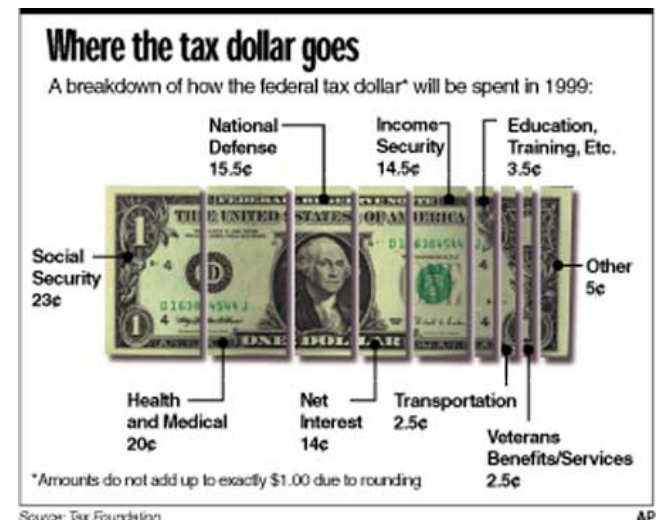
Asst. Professor Xiaojun Wang



Course Description: The focus of this course is monetary and macroeconomic theory and policy. The purpose of the course is to guide students as they develop critical thinking and writing skills as applied to monetary economics. Students will analyze clear, explicit, and internally consistent models of the monetary economy. This allows students to explore the linkage between assumptions underlying the models and the performance of these model economies. The lessons from these model economies are used to evaluate government priorities and policies.

Specifically, we develop the microfoundations of monetary economics using the basic overlapping generations model. This model will then be modified through the course to address policy questions such as:

- The cause and costs of inflation
- What is the optimal international monetary system
- Should trading partners adopt a single currency?
- Why are banks special
- Did the U.S. experience a credit crunch in 1990?
- Did the S&L crisis play a role in the "credit crunch" of the 1990s?
- Could the central bank offset a credit crunch?
- What is the optimal monetary policy?



Required Text: Champ, Bruce and Scott Freeman (2001), *Modeling Monetary Economies*, 2nd ed., John Wiley & Sons.

(Prerequisites: Econ 300 or 301 or consent)