

Professor Flavin
Winter 2001

Economics 111: Monetary Economics

Class meetings: Tuesday and Thursday 12:45-2:05 Center 105
Office Hours: Monday 1:45-2:45 and Thursday 2:15-3:15 or by appointment
Office: Economics Building 216
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TA: Robert Lieli
Office: Sequoya Hall 255
Office Hours:

TA: Guy Yamashiro
Office: Sequoya Hall 242
Office Hours:

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

Contents of the course:

Organization and operation of the U.S. financial system; determination of interest rates; structure of the banking industry, bank crises, bank regulation, the structure of the U.S. central bank, the implementation of monetary policy, 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: evaluating the terms of car loans or mortgages, understanding why the stock market rises or falls dramatically when Alan Greenspan utters a few words, and talking intelligently about the relative likelihood of a 1929-style stock market crash, or 1930's-style shutdown of the banking system.

Course requirements: There will be two midterm exams and a final, with the following weights:
first midterm: 25%, second midterm: 25%, final: 50%

The dates of all three exams are included in the class schedule. If you have any conflicts with any of these dates, please see me during the first week of classes.

Class schedule

<u>date</u>	<u>Chapter</u>	<u>topic</u>
Tuesday, January 9:	1 and 2	Introduction
Thursday, January 11:	3	What is money?
Tuesday, January 16:	4	Interest rates
Thursday, January 18:	4	
Tuesday, January 23:	5	The behavior of interest rates
Thursday, January 25:	6	The term structure of interest rates
Tuesday, January 30:	6	
Thursday, February 1:	Midterm 1	
Tuesday, February 6:	9	banks and bank management
Thursday, February 8:	10	the banking industry
Tuesday, February 13:	11	bank regulation
Thursday, February 15:	14	central banks; the Federal Reserve System
Tuesday, February 20:	15	The money supply process
Thursday, February 22:	16	determinants of the money supply
Tuesday, February 27:	17	The tools of monetary policy
Thursday, March 1:	Midterm 2	
Tuesday, March 6:	18	The conduct of monetary policy
Thursday, March 8:	24	aggregate demand and supply analysis
Tuesday, March 13:	26	money and inflation
Thursday, March 15:	26	

Monday, March 19, 11:30-2:30: **Final exam**