Economics 7320: Monetary Economics
Fall 2014 : Revised

Prerequisite: Economics 6140 or the consent of the instructor. 7310 is NOT a pre-req.

Instructor: Karl Shell, 402 Uris Hall, www.karlshell.com

Office Hours: TBD

Meetings: 1 2-hour or 3-hour meeting per week. Wednesdays, 7PM to 10PM in 498 Uris Hall

Requirements: Students will be expected to attend and participate in all meetings. There will be faculty presentations and student presentations. Each student will be expected to present and/or write at least one paper.

Cornell/Penn State Macro Workshop: Econ 7320 students are urged to participate in the CU/PSU macro workshop, which meets semi-annually. The fall meeting is at Cornell all day Saturday, September 27 and until late lunch on Sunday, September 28, probably in Fleming Lecture Room, 266 Weill Hall.

First Tentative Reading List

The group will propose other topics and / or alternative topics.

From a Cornell computer, the articles can be read and downloaded through the reading list posted on www.karlshell.com

Class notes can be accessed through this link.
I. Background Material: Securities, balancedness, bonafidelity, Ricardian equivalence

*Shell website section on Taxes denominated in money.*


II. Overlapping Generations

II. A. Overview

*KS website section on Overlapping Generations*


II. B. Other Overlapping Generations


III. Bank Runs

III. A. Overview & Motivation

KS web site on Financial fragility

Huberto Ennis & Todd Keister, On the Fundamental Reasons for Bank Fragility, Economic Quarterly, Federal Reserve Bank of Richmond (2010), 96 (1), 33-58


III. B. The Baseline Model


III. C. Books


III. D. Financial Contagion


III. E. Jacklin’s Critique


III. F. Asymmetric Information


III. G. Deposit Freezes & Deposit Insurance


III. H. Bailouts

III.I. Shadow Banking


III.J. Some Other Important References


Some Other Possible Topics

IV. Sunspot Equilibrium and Financial Fragility

V. Lotteries & Sunspots

VI. Continuous-time Macroeconomics

VII. Economic Growth

VIII. Inventions

IX. Learning-by-doing

X. Market Games