Graduate Monetary Theory

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Grades: Grades will be based on a midterm exam, a final exam and a paper.

Course Outline: (Subject to Change)

Overview: * denotes required readings.


I. Search Theoretic Models of Money

A. Generation 1

i) One indivisible good, one unit of indivisible money.


*Lotz, S., A. Shevchenko, C. Waller “"Heterogeneity and Lotteries in Monetary Search Models” Journal of Money, Credit and Banking (2007)

ii) One indivisible good, integer units of indivisible money.


B. Generation 2

i) Divisible Goods, 1 unit of indivisible money


ii) Divisible Goods, Multiple Integer Units of Money


C. Generation 3 models: Divisible goods, divisible money


**D. Applications**

**i) Fiscal and monetary policy**


ii) Financial intermediation


ii) Dual currency models


Shi JET (1995)


**iii) Information issues**


**iv) Anonymity issues**


**v) Price dispersion**

vi) Asset pricing and liquidity issues


vii) Money and specialization


II. Other Micro-founded Models of Money
   A. OLG models of money.
   B. OLG/Islands models
   C. OLG/search model

III. “Shortcut” Models of Money
   A. Money in the Utility Function.
   B. Shopping Time Models
   C. Cash in Advance Models
D. Comparing models

IV. Banking Issues
