Topics in Monetary Economics

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Search-theoretic monetary models have been used to show how money emerges endogenously, why intrinsically worthless paper money has value, why fiat money and credit coexist, and to address many other substantive issues in monetary economics. This course provides an introduction to the search-theoretic monetary models and their applications.

I. Background and History of Thought


II. Search-Theoretic Models


Victor Li (1994) “Inventory Accumulation in a Search-Based Monetary Economy,” *Journal of Monetary Economics* 34, 511-536.


III. Medium of Exchange Models


IV. Search and Bargaining Models


V. Distributional Models


VI. Private Information Models


VII. Extensions and Applications

A. Multiple Currencies


B. Policy Analysis and Medium of Exchange


C. Money and Credit


Gabriel Camera and Yiting Li (2008) “Another Example of a Credit System that Coexists with Money,” *Journal of Money, Credit and Banking* 40, 1295-1308.


Chao Gu and Randall Wright (2011) “Endogenous Credit Cycles,” manuscript.

D. Money, Credit, Banking, and Financial Markets


Jonathan Chiu, Cesaire Meh and Randall Wright (2011) “Innovation and Growth with Financial, and other, Frictions,” manuscript.

E. Asset Prices and Liquidity


F. Monetary Policy


### G. Specialization, Markets, and Middlemen


### H. Money and Memory
