

Economics 310 Money and Banking
Dr. Carrie Meyer, George Mason University
Spring 2011
Innovation 206, 9-10:15AM, MW
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Office Hours MW 10:30-11:30AM

Course Goals: By the end of the semester students should have an understanding of the U.S. and international monetary and financial systems. In particular we will examine how monetary policy conducted by the Federal Reserve affects financial markets and economies around the world, how interest rates and asset prices interact, how exchange rates are determined in foreign exchange markets, and how banks are managed and structured.

Skill requirements and prerequisites: Economics 103 and 104 are the only prerequisites to the course. All students should have an email account. Email is the best way to contact your instructor. Familiarity with Blackboard will also be necessary to access course materials.

Texts: Mishkin, 9th ed. *The Economics of Money, Banking and Financial Markets*, New York: Addison Wesley, 2010. (Note -- avoid the "Business School Edition" -- it includes the material we cover but the chapter numbers are not the same.)

Study Guide (hardcopy) to accompany Mishkin text. (Recommended).

Course Requirements:

2 Midterms @ 30% each -- no make-up exams without prior arrangements
Final @ 30% (Monday May 16, 7:30-10:15AM)
Participation 10%

"Optional" Paper -- will impact your grade significantly -- see explanation/instructions on the web.

Honor Code

Students are expected to understand and adhere to the honor code of George Mason University.

Disabilities

If you are a student with a disability and you need academic accommodations, please see me and contact the disability Resource Center (DRC) at 703-993-2474. All academic accommodations must be arranged through that office.

Class Participation

Students are expected to keep up with readings in the textbook and in the newspapers (especially in the Wall Street Journal) and participate in class discussions. Students should also bring relevant news articles to present very briefly in class. The participation grade is not strongly related to the amount of time spent talking in class. However, relevant questions, constructive comments, and alternative points of view are appreciated -- so is attendance and reflections relating readings to current events.

Topics

1. Overview of Money, Banking, and the Financial Markets -- Chapter 1
2. Monetary Policy and the Macro Economy (review) -- Ch 22, 24 (lightly and/or review macro principles)
3. Money, the Payment System and Monetary Standards -- Chapter 3
4. The Federal Reserve and Monetary Policy (review) -- Ch 14 (pp. 354-359), Ch 15
5. The Financial System -- Structure and Function -- Ch 2, Ch 8 (lightly)

First Midterm Exam – Tentatively Monday, Feb 21

6. Interest rates, present value, and bond prices -- Ch 4, 5
7. Risk and Term Structure of Interest Rates -- Ch 6
8. The Stock Market and Efficient Markets Theory -- Ch 7
9. Foreign Exchange Markets and Exchange Rates -- Ch 17
10. Financial Crises and the Subprime Meltdown – Ch 9 (pp. 199-212)

Second Midterm Exam -- Tentatively Monday, Apr 4

11. Basic Banking -- Ch10
12. History & Structure of Banking Industry – Ch 11-12
13. Central Banks and the Fed -- Ch 13
14. The Monetary Base and the Money Multiplier -- Ch 14
15. Monetary Policy: Strategy, Tactics & History -- Ch 16
16. The International Financial System -- Ch 18

Final Exam -- Monday, May 16, 7:30-10:15 AM