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# Moravian College

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Department of Economics and Business  
**Spring 2013**  
**Economics 320: Money, Banking and Financial Markets**

<b>Professor</b>	Dr. James West
<b>Office</b>	215 Comenius Hall
<b>Telephone</b>	610.861.1381
<b>Office Hours</b>	M 8:30 -10:00; 10:30-11:30; TR 1:30-3:00 or by appointment

## **Text**

**Required:** *The Economics of Money, Banking & Financial Markets*, by F. Mishkin, 10<sup>th</sup> Edition, Addison Wesley Publishers, 2013. ISBN: 978-0-13-277024-8.

**Recommended:** *The Wall Street Journal*, *The Economist*

## **Course Description**

History and theory of banking; market structure of commercial banking; bank management; money and capital markets. History of central banking, monetary theory, and monetary policy. Current international monetary problems. A critical examination of present monetary policies and programs to maintain economic stability, economic growth, and other goals. Prerequisite: Economics 226 or Economics/Management 231. Fall. *Leeds, West*

## **Course Objectives**

The purpose of this course is to provide you with a comprehensive introduction to the field of Money, Banking, and Financial Markets. Financial events dominate today's business news and a clear understanding of the organization of financial markets and institutions is essential to all citizens and especially business and political decision makers. It is my objective to help you gain that understanding and to develop a lasting interest in the subject of financial economics. In addition to the material discussed in the text, the quickly changing financial environment will be monitored during the semester by using the Wall Street Journal and other financial periodicals. Specifically students will:

- Understand the function and evolution of money and payments system
- Understand the role of financial markets and institutions including the important role of financial intermediaries.

- Understand and apply economic analysis surrounding security prices and interest rate determination.
- Gain an appreciation of the role of central banks esp. the Federal Reserve System.
- Understand the process by which the Fed devises and implements monetary policy
- Utilize macroeconomic models to show the impact of money policy on macro variables
- To become familiar with the international financial system, including an historical perspective, operation of markets, the evolution of institutions
- To apply tools of analysis to study historical and current problems including early bank panics, the Great Depression, Stagflation, the market crashes of 1987 and 2001-2 as well as the contemporary economy.

### Grading and Course Policies

2 Exams @ 25% each	=50%
Class Grade (attendance, quizzes, written & other assignments)	=20%
Final Exam	= <u>30%</u>
	100%

All exams must be taken as scheduled. Excused make-up exams are subject to penalty to compensate for the extra study time. Quizzes, announced or unannounced, cannot be made up.

Attendance and punctuality are expected and will be factored into the class grade. College policies regarding academic honesty are enforced and can be found in the student handbook. Only drinks – no food – are permitted in the class room. Thank you.

Students who wish to request accommodations in this class for a disability should contact Elaine Mara, Assistant Director of Learning Services for Disability Support, 1307 Main Street (extension 1510). Accommodations cannot be provided until authorization is received from the office of Learning Services.

# Class Schedule and Assignments

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## Week of:

- Jan 14 Money and the Financial System-- Chapter 1
- Jan 21 An Overview of the Financial System and Money---Chapters: 2 & 3
- Jan 28 All you wanted to know about interest rates (and more)---Chapters 4 & 5
- Feb 11 Risk and Term Structure of interest rates; The Stock Market and Efficient Markets Hypothesis---Chapters 6 & 7.
- Feb 18 Review of Chapters 1-7 and **EXAM ONE** on Feb 21
- Feb 25 Financial Institutions: Structure and Crises---Chapters 8 & 9
- Mar 2-10 (No class Spring Recess)
- March 11 Bank Management---Chapter 10
- March 18 The Banking Industry and Regulation---Chapters 11 & 12.
- March 25 Notes on non-bank Financial Institutions and Review
- April 1 **EXAM TWO** on April 1: The Federal Reserve System ----Chapter 13
- April 8 Money Supply and Monetary Policy---Chapters 14-16
- April 15 The International Financial System ----Chapters 17-18
- April 22 Topics in Monetary Theory and Review --- Class Notes (April 25 last class)

April 29-May 3 **FINAL EXAMS**-as scheduled by the Registrar. The final exam is selectively comprehensive with emphasis on the last section of the syllabus.