Purpose: This course covers an overview of money, banking, and financial markets, from both a theoretical and policy perspective. Students will learn the functioning of financial markets such as bond, stock and foreign exchange markets, the role of the financial institutions and money in the economy. A particular emphasis is placed on monetary policy and banking regulations throughout the semester.

Readings: You should keep up with the required reading every week. The assigned articles are on e-reserve (password is “econ341”).

Course Grading: There will be 6 important factors that determine your final grade: 1 quiz (5%), 1 midterm exam (20%), 7 homework assignments (10%), group project (25% for paper & 5% for presentation), class participation (10%), and cumulative final exam (30%). The weights given to these components are in parenthesis.

Eviews Review: Allb 204 on Friday 1/31 2:40-4 and 4:10-5:30

Class Participation: I consider 3 factors to be important. First, class attendance is important, without which you cannot participate in class. Second, I highly value questions. There are no such things as dumb questions. Do not let unresolved questions linger too long. I will do my best to resolve them in class. Second, I ask some questions every now and then in class. I appreciate any students who try their best to come up with reasonable answer in class. I consider both quality and quantity of class participation for final grades. If you know that you will have to be late and/or leave early, please let me know in advance.

Quiz & Exams: Quiz is in class on Monday, February 17. Midterm exam is in class on Wednesday, March 5th. Cumulative final exam is on Friday, May 16th, from 9-noon. There will be no make-up exams. If you cannot take an exam in the case of medical emergency, you must give me a written proof; otherwise, you will receive zero for the missed exam.

Homework Assignments: There will be 7 homework assignments consisting of analytical questions and short essays. You are encouraged to work with your classmates but must turn in your own answers. If you work with your classmates, write down the names of those people.

Group Project: You will be working in a group of 2-3 students to write a paper (due on Friday, April 25th) and present it in class. In the group project, you work together to write an empirical economics paper that seeks to answer an important question in the literature.
Course Outline

Week 1 (1/27 – 1/29): IS-LM -- Assignment 1 (due on 1/31)
- Mankiw, G. Macroeconomics, (Chapters 11 & 12)

Week 2 (2/3 – 2/5): Monetary Policy -- Assignment 2 (due on 2/7)
- Mishkin, The Economics of Money, Banking, & Financial Markets, (Chapter 16)

Week 3 (2/10 – 2/12): Term Structure of Interest Rates -- Assignment 3 (due on 2/14)
- Mishkin, The Economics of Money, Banking, & Financial Markets, (Chapter 6)

- Quiz on 2/17

- Mankiw, G. Macroeconomics, (Chapter 13)

Week 6 (3/3 – 3/5): European Monetary Union
- Midterm on 3/5

Week 8 (3/31 – 4/2): Financial Crisis -- **Assignment 7 (due on 4/4)**


Week 9 (4/7 – 4/9): Bank Lending Channel


Week 10 (4/14 – 4/16): Banking Regulation I


Week 11 (4/21 – 4/23): Banking Regulation II


**Paper due on 4/25**

Week 12 (4/28 – 4/30): Group Presentation

Week 13 (5/5– 5/7): Group Presentation

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*** Final Exam, Friday, May 16 (9:00 – noon) ***********************