

Econ 310-001: Money and Banking
Spring 2021, Innovation Hall 132
Tuesday and Thursday 10:30 a.m. – 11:45 a.m.

Instructor: Zachary Kessler

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Office Hours: Friday 2 p.m. - 3 p.m. or by Appointment on Zoom

Course Description

This course is dedicated to exploring two of the most important components of any economy, money and banking. We will begin with a study of how money develops and build to a comprehensive analysis of the financial and banking sectors impact on the real economy. Upon completion of this course students will be capable of answering questions regarding the role of money in the economy, the mechanics of monetary policy, the evolution of banking, the functioning of the financial sector, and the real effects of financial shocks on the economy.

Reading and Textbooks:

Frederic Mishkin, *Economics of Money, Banking, and Financial Markets*, 12th Edition.

In addition to this textbook, a number of articles meant to provide background will be assigned. Generally, these readings will be limited to one or two articles a week as I have already asked a great deal of you in reading two chapters of the Mishkin text. I will tell you in class what pieces are to be read as well as how much time to dedicate to them.

Course Prerequisites:

This course is based on foundations provided in the ECON 103 and ECON 104 classes. Terminology, methodology, and applications from these two classes greatly overlap with this course. If you have not taken either of these courses, please speak with me as soon as possible. A lack of experience in those classes does not preclude you from success in this one, it simply means there are likely some items we need to discuss to ensure you are in the best position to reach it.

Course Grading and Assignments:

1. Midterm 1 (25%)
2. Midterm 2 (25%)
3. Paper Project (30%)
4. Homework Assignments (10%)
5. Participation (10%)

Midterms –The exams will contain multiple choice and short answer questions, with the short answer section weighted more heavily. Each exam will focus on only one section of the course. There will be no cumulative exams.

Paper Project – Choose a topic of interest from the course and write a brief (8-12 pages), double-spaced research paper. The topic can range from monetary theory to historical applications to modern financial institutional shocks or specific policy proposals. I only have two requirements. First, it needs to be a unique concept in some capacity. Second, you need some type of empirical component to test or demonstrate your theory. Due to these requirements, you will need to get approval for your topic before beginning to pursue it.

Homework Assignments – At various points in the semester, I will assign homework based on our readings and discussions. You will be given full credit for simply submitting the assignment. The reason you should take these seriously is that questions on the homework might appear as short answer questions on the exam. I will provide comments on your answers so you can improve them for the exam.

Participation – There will be several points where discussion of particular topics or historical areas will be possible. Further, asking good questions to obtain a more complete understanding of the topic will enhance your grade as well.

Course Schedule

January 25th – Introduction and Course Structure

- Mishkin Chapter 1

February 1st – Role of Money and Financial Sectors

- Mishkin Chapter 2
- Mishkin Chapter 3

February 8th – Basics of Monetary Theory

- Mishkin Chapter 19
- Mishkin Chapter 20

February 15th – Basics of Monetary Theory Continued

- Mishkin Chapter 21
- Mishkin Chapter 22

February 22nd – Banking, Interest Rates, and Risk

- Mishkin Chapter 4
- Mishkin Chapter 5

March 1st – Banking, Interest Rates, and Risk Continued

- Mishkin Chapter 6
- Mishkin Chapter 7

March 8th – Midterm #1

March 15th –Financial Institutions and the Stock Market

- Mishkin Chapter 9
- Mishkin Chapter 11

March 22nd – Central Banks and Monetary Policy

- Mishkin Chapter 13
- Mishkin Chapter 14

March 29th – Central Banks and Monetary Policy Continued

- Mishkin Chapter 23
- Mishkin Chapter 24
- Mishkin Chapter 15 (Optional)

April 5th – International Finance

- Mishkin Chapter 17
- Mishkin Chapter 18

April 12th – Financial Crises

- Mishkin Chapter 10
- Mishkin Chapter 12

April 19th – Midterm #2

April 26th – Paper Presentations

May 3rd – Paper Project Due

Late Work Policy:

The only requirement of notification is if you will be out for an exam, documentation as to the reason is also necessary. For the paper project, if a student is able to demonstrate specific issues (documentation required) that prevented them from submitting on time, provisions will be allotted. Otherwise, papers are to be submitted on time with each sequential day late decreasing the assignment's highest attainable grade. Homework must be submitted the day it is due, exceptions only for documented circumstances.

Absence Policy:

All students have an allowance of three absences for the semester. In other words, you are allowed to miss class three times without notifying me or providing documented justification or reason. The only days this policy does not apply are exam days. **YOU STILL MUST NOTIFY ME IF YOU WILL MISS AN EXAM DAY.** Given the continued uncertainty surrounding the COVID-19 pandemic, the goal of this policy is to ensure you have the flexibility to be safe and take care of any other priorities that may arise. I only ask you do not abuse this policy as this will harm you in the class.

GMU Honor Code:

Students are expected to follow GMU's Honor Code in every aspect of the course. No cheating or plagiarism will be tolerated for any assignments. Any individual caught using such methods will be reported to the necessary parties and face significant penalties to their grade.

Statement on Accommodations:

Any student with a disability who desires academic accommodations, please let me know and reach out to GMU Disability services via email at ods@gmu.edu or on the phone, 703-993-2474. Any arrangements to be made will be done so through this office.

Statement on Inclusivity

This class will cultivate an inclusive environment supporting a broad variety of experiences and backgrounds. These differences are to be acknowledged, celebrated, and provide insight on any topics discussed.

Student Privacy

During the course of this class, no student's personal information will be disclosed to anyone. For more information on your rights to privacy in this class under FERPA, please visit this link: <https://registrar.gmu.edu/ferpa/>.

Other Student Resources

Keep Learning, Learning Services (learningservices.gmu.edu/keeplearning/)

University Libraries (library.gmu.edu)

Writing Center (writingcenter.gmu.edu)

Counseling and Psychological Services (caps.gmu.edu)