

**Economics 4060**  
**Money and Banking and Capital Markets**  
**Fall Semester 2015**  
**Georgia Institute of Technology**

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Office Hours: 3:15pm to 4:30pm (Monday) and 3:15pm to 5:00pm. (Wednesday)

**Text:** The Economics of Money, Credit, Banking and Financial Markets Tenth Edition  
by Frederic S. Mishkin

**Course Requirements, Examinations and Grading:**

Course Description: This is a course on money and basics of financial intermediation. It is assumed that students have already taken a class in principles of economics and are familiar with the basics of economic reasoning. This means **you should have completed either a one-semester course in *Principles of Economics* or a two-semester sequence in *Principles of Microeconomics and Macroeconomics***. Students should **NOT** take this class if they are currently enrolled in *Principles of Microeconomics* (ISC 202) or *Principles of Macroeconomics* (ISC 203).

We will study the role of money and financial markets in modern market-oriented economies. We will examine the unique roles played by banks and other financial intermediaries as well as the role of organized markets for financial assets, such as the stock and bond markets. We will examine the role of the central bank or monetary authority both as a regulator and as the ultimate controller of a nation's money supply. We will consider the potential role that monetary policy plays in economic stability and the interaction it has with exchange rate policy. A familiarity with calculus and basic statistics is an advantage in this class, but is not a hard prerequisite. Students should be familiar and comfortable with algebra.

There will be fifteen quizzes given during the term. These quizzes will occur on the dates specified below. Each quiz will cover material covered during the previous four lectures. The best twelve of fifteen quiz grades will be used to calculate the student's final class average. If a student is unhappy with his/her final quiz average then a **comprehensive final exam** will be offered during the final exam week. If a student chooses to sit for the comprehensive final, the grade earned on this final will account for 100% of the final grade i.e., the quiz average must be forfeited. Student(s) opting to take the final exam must contact Professor Belton to schedule an exam time during the final exam week. Students can choose to complete weekly homework assignments that will be graded. The average grade received on the fourteen homework assignments can be used to substitute for the lowest of the required twelve quiz grades. This substitution can only take place if the student receives an average homework grade of 90% or above.

**Myeconlab ID#:**

**READING LIST:**

Why Study Money, Banking, and Financial Markets (Ch. 1)  
An Overview of the Financial System (Ch. 2)

**QUIZ 1                    8/21/2015**

What is Money? (Ch. 3)  
Understanding Interest Rates (Ch. 4)

**QUIZ 2                    8/28/2015**

The Behavior of Interest Rates (Ch. 5)  
The Risk and Term Structure of Interest Rates (Ch. 6)

**QUIZ 3                    9/4/2015**

The Stock Market, the Theory of Rational Expectations  
And the Efficient Market Hypothesis (Ch. 7)  
An Economic Analysis of Financial Structure (Ch. 8)

**QUIZ 4                    9/11/2015**

Financial Crises (Ch. 9)  
Management of Financial Institutions (Ch. 10)

**QUIZ 5                    9/18/2018**

Economic Analysis of Financial Regulation (Ch. 11)  
Banking Industry: Structure and Competition (Ch. 12)

**QUIZ 6                    9/25/2015**

The Central Bank and the Federal Reserve (Ch. 13)  
The Money Supply Process (Ch. 14)

**QUIZ 7                    10/2/2015**

Tools of Monetary Policy (Ch. 15)  
The Conduct of Monetary Policy (Ch. 16)

**QUIZ 8**                      **10/9/2015**

The Foreign Exchange Market                      (Ch. 17)

The International Financial System                      (Ch. 18)

**QUIZ 9**                      **10/16/2015**

Theory of Money Demand                      (Ch. 19)

The IS Curve                      (Ch. 20)

**QUIZ 10**                      **10/23/2015**

The Monetary Policy and AD                      (Ch. 21)

**QUIZ 11**                      **10/30/2015**

Aggregate Demand and Supply Analysis                      (Ch. 22)

**QUIZ 12**                      **11/6/2015**

Monetary Policy Theory                      (Ch. 23)

**QUIZ 13**                      **11/13/2015**

The Role of Expectations in Monetary Policy                      (Ch.24)

**QUIZ 14**                      **11/20/2015**

The Transmission Mechanism                      (                      Ch.25)

**Quiz 15**                      **12/4/2015**