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 prerequisites to the course. All students must have an email account. Email is the best way to contact your instructor. Familiarity with Blackboard will also be necessary to access course materials.


Newspaper -- Wall Street Journal -- order online, see weblink on Blackboard

Course Requirements:

2 Midterms @ 30% each -- no make-up exams without prior arrangements
Final @ 30%
Participation 10%

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

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 -- Ch 1
2. Money, the Payment System and Monetary Standards -- Ch 3
3. The Financial System -- Structure and Function -- Ch 2
4. Understanding Interest rates (Present Value) -- Ch 4
5. The Behavior of Interest rates (Supply and Demand of Bonds) -- Ch 5
6. Risk and Term Structure of Interest Rates -- Ch 6

First Midterm Exam – tentatively Tues Feb 26

7. The Stock Market and Efficient Markets Theory -- Ch 7
8. Foreign Exchange Markets and Exchange Rates -- Ch 17
9. An Economic Analysis of Financial Structure – Basic Facts & Incentives – Ch 8 (briefly)
10. Basic Banking – Ch 9
11. Regulation of Banks & Financial Institutions – Ch 10 (briefly)
12. Banking Industry, History and Structure – Ch 11

Second Midterm Exam -- tentatively Tues, Apr 2

13. Financial Crises -- Ch 12
14. Central Banks and the Fed -- Ch 13
15. The Monetary Base and the Money Multiplier -- Ch 14
16. Tools of Monetary Policy – Ch 15
17. Monetary Policy: Strategy, Tactics & History -- Ch 16

Final Exam