

ECON 310-002: Money and Banking

George Mason University

Fall 2021

Instructor: Suria Dauod — sdauod2@gmu.edu

Location: Innovation Hall 113 — M, 07:20 - 10:00 PM

Office Hours: Zoom, by appointment

1 Course Description

"The study of monetary questions is one of the greatest causes of insanity." - Henry Dunning Macleod

This course examines the theory, history, and policy of money and banking institutions. Lectures will coordinate with chapters of the text, but will also amplify and supplement what is found there. To master the course, students must understand the text, as well as take good lecture notes and study them. We will explore:

- the history of money and market institutions and how they evolved - barter, commodity money, bank-issued money, fiat money
- financial markets and instruments
- operation of monetary institutions - under market and non-market influences
- the role of government in monetary institutions, with particular attention on the Federal Reserve
- monetary policy and rules
- financial crises/panics and historical examples

2 Class Requirements

Students are recommended to have successfully completed ECON 103 and 104. You should be fluent in producing supply and demand diagrams. This course covers a lot of ground and requires commitment and dedication to be successful. In return, I will do my best as an instructor to be available and accommodating.

2.1 Readings

Required: Mishkin, 12th ed. The Economics of Money, Banking and Financial Markets (New York: Addison Wesley, 2013)

Recommended: White, Lawrence H., The Theory of Monetary Institutions (Oxford: Blackwell, 1999)

Please regularly check your GMU email. I will occasionally send supplementary readings such as blog posts, news articles, etc. These will be sent out via email and are designed to help you keep up with economic news and apply what you learn in class. Such readings will be included in quiz material.

2.2 Assignments and Examinations

Your grade will depend on weekly quizzes, a paper, a midterm, and a final exam. The grade breakdown will be as follows:

Weekly Quizzes: 30%

Paper: 15%

Midterm: 25%

Final: 30%

There will be 12 quizzes throughout the semester at the beginning of each class. This quiz will cover both this week's readings and last week's lecture, as well as any videos for the week. This will keep you accountable and help you keep up with the material and readings. The quizzes will consist of a few short answer questions. No late quizzes are administered, and no make-ups for quizzes. However, the lowest of these grades will be dropped from the final average.

Towards the end of the semester, there will be a 4-5 page paper that will count for 15% of your grade. I will have a list of prompts related to the course, or you may choose your own topic relevant to monetary institutions as long as you clear with me before proceeding. The paper will give you an opportunity to be evaluated on thoroughness and quality of economic analysis. I will give more details on this closer to the due date. You may choose to present your paper for an extra credit opportunity.

There will be one midterm exam (October 18, 2021) as well as a final (December 13, 2021). The midterm will count for 25% of your grade. The comprehensive final examination will count for 30% of your grade. The exams will be a combination of multiple choice questions and short-answer questions.

2.3 Class Etiquette

The use of a laptop or tablet for class related purposes is allowed. However, I request you turn off your phones and minimize distractions to yourself and classmates. If you must use your phone during class time, please step outside the classroom briefly. Recording lectures is not permitted.

No late assignments will be accepted. I will have no sympathy for any student whose grade is on the margin and has not done the work assigned, or skipped attendance.

While you will not be graded on attendance, you are responsible for the readings and lecture material for that class. I encourage all students to speak up every week and comment on or ask questions about the readings. This class will be a space for respectful and open discussion.

3 Tentative Schedule

Please visit the [Registrar's website](#) to see the full University schedule.

Week of	Subject	Readings
Aug 23	Evolution of Money and Banking	Mishkin Ch 1, White Ch 1
Aug 30	What is Money?	Mishkin Ch 3, White Ch 2 MRU - What is Money?
Sep 6	No Class	
Sep 14	Money Demand, Price Level, and Quantity Theory	Mishkin Ch 19 MRU - Money Multiplier; QTM; Inflation
Sep 20	Interest Rates and Bond Prices	Mishkin Ch 4, 5
Sep 27	Financial Markets and Instruments	Mishkin Ch 2, 7
Oct 4	Banking Industry, Financial Institutions	Mishkin Ch 8, 9
Oct 11	Central Banking - Federal Reserve and ECB	Mishkin Ch 13 MRU - How the Fed Works; Pt. 2
Oct 18	Midterm Examination	
Oct 25	Money Supply Process, Tools of Monetary Policy	Mishkin Ch 14, 15 MRU - Monetary Policy Money Supply
Nov 1	Monetary Policy and Rules	Mishkin 16, White Ch 11
Nov 8	Monetary Policy Theory, Expectations	Mishkin Ch 23, 24 Friedman: The Role of Monetary Policy
Nov 15	Role of Government; Paper Due	White Ch 5, 6, 8
Nov 22	Regulatory Issues, Liquidity Runs	Mishkin Ch 10 MRU - Fed as LOLR
Nov 29	Financial Crises	Mishkin Ch 12 MRU - Great Depression
Dec 6	Reading days and Final Exam (Dec 13)	

3.1 Important Dates

- Last day to Add classes: Monday, August 30
- Last day to drop with 100% Tuition Refund: Tuesday, September 7
- Last day to drop with 50% Refund: Tuesday, September 14

4 University Policies

4.1 Honor Code

The George Mason University Honor Code is as follows:

To promote a stronger sense of mutual responsibility, respect, trust, and fairness among all members of the George Mason University Community and with the desire for greater academic and personal achievement, we, the student members of the university community, have set for this Honor Code: Student Members of the George Mason University community pledge not to cheat, plagiarize, steal, or lie in matters related to academic work.

I expect each of you to abide by this code. Any student suspected of any violation will be reported to the Office of Academic Integrity. Please visit their [website](#) for more information.

4.2 Email and Student Privacy

Due to the requirements of the Family Educational Rights and Privacy Act (FERPA), students must use their MasonLive email account to receive important University information, including communications related to this class. I will not respond to messages sent from or send messages to a non-Mason email address.

4.3 Disability Accommodations

Disability Services at George Mason University is committed to providing equitable access to learning opportunities for all students by upholding the laws that ensure equal treatment of people with disabilities. If you are seeking accommodations for this class, please first visit <http://ds.gmu.edu/> for detailed information about the Disability Services registration process. Then please discuss your approved accommodations with me. Disability Services is located in Student Union Building I (SUB I), Suite 2500. Email:ods@gmu.edu — Phone: (703) 993-2474