



Homer (searching under the couch): Aww, twenty dollars. I wanted a peanut!
Homer's Brain: *Twenty dollars can buy many peanuts.*
Homer: Explain how.
Homer's Brain: *Money can be exchanged for goods and services.*
Homer: Woo-hoo!
(*The Simpsons*, Season 5, Episode 8)

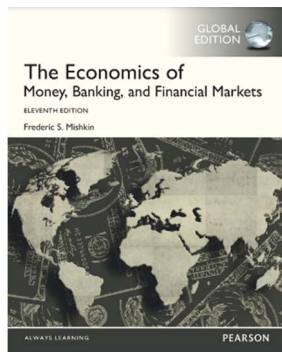


Economics 310–001: **Money, Banking, and Monetary Theory** Spring 2024
Monday and Wednesday 10:30 - 11:45 am in Nguyen Engineering Building 1103
Prerequisites: ECON 103 and 104, or permission of instructor.

Prof. Lawrence H. White
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(Buchanan Hall D-116)

Logistics: Lectures slides will be posted on Blackboard before class. Please read the slides and any other assigned material before each class meeting. Quizzes and the final exam will follow the schedule below. Email me to schedule office hours either in person or by Zoom.



Required text: Frederic S. Mishkin, *The Economics of Money, Banking, and Financial Markets*, 11th ed. Global Edition. Available in pdf for \$0 online:
<https://unitimesofficial.files.wordpress.com/2020/06/the-economics-of-money-banking-and-financial-markets-11th-edition-global-edition.pdf>

Course materials, including lecture slides, problem sets, and sample exams, will be available on Blackboard, <https://mymasonportal.gmu.edu>.

Overview: This course covers the theory and history of money and banking institutions, and the alternatives for monetary policy. We will be covering a lot of ground. Lectures will coordinate with chapters of the text (as indicated below), but will also modify and supplement what is found there. Understanding the text isn't enough—more important for mastering the course material is taking good lecture notes and studying them.

Requirements:

- three midterm quizzes (dates below)
- four problem sets, due at the start of the class preceding each midterm exam, and at noon on the day of the last class meeting of the semester
- cumulative final exam, Wednesday May 1, 2024, 10:30-1:15 pm, as scheduled by

GMU. *If you can't make this date, switch to another section now.*

The respective grading weights will be 48% (16% times 3) on quizzes, 20% (5% times 4) on problem sets, and 32% on the final exam (total 100%), unless extra weight is added to your final as explained below in policies (2) and (3).

Schedule of Topics, Meetings, Text Readings, and Quizzes

Topic numbers correspond to 17 content folder numbers on Blackboard; some topics will take up more than one of the 28 scheduled class meetings. The meeting numbers for each topic are approximate: We may at times run ahead; at other times behind.

1. The nature and evolution of money (*meetings 1-2; Mishkin ch. 1, pp. 53-57; ch.3*)
2. Cryptocurrency (*meeting 3; Mishkin pp. 101-2; additional reading on Blackboard*)
3. Financial markets (*meeting 4; Mishkin, ch.1, pp. 48-53*)
4. Financial intermediaries (*meeting 5; Mishkin, ch.2, pp. 68-88*)
5. Interest rates and bond prices (*meeting 6; Mishkin chs.4, 6*)
6. Managing a bank: risk-return tradeoffs (*meeting 7; Mishkin ch.9*)

First quiz (meeting 8, Mon., Feb. 12)

7. The history and future of banking (*meetings 9-10; Mishkin, pp. 280-95*)
8. Bank runs and deposit insurance (*meetings 11-12; Mishkin, pp.88-93, 261-66*)
9. Other issues in banking regulation: activity restrictions, lending discrimination, "the war on cash," offshore banking (*meetings 13-14; Mishkin 266-76, ch. 11*)

Second quiz (meeting 15, Weds. Mar. 13)

10. Central banking, the Fed, and the ECB (*meeting 16; Mishkin ch.14*)
11. Money supply (*meeting 17; Mishkin chs.15-6*)
12. Money demand and the "velocity" of money (*meeting 18; Mishkin ch. 20*)
13. Monetary policy and interest rates (*meeting 19; Mishkin, pp. 125-7, 143-45, 153-57*)
14. Money, the price level, and real output (*meetings 20-21; Mishkin ch. 22-23*)

Third quiz (meeting 22, Mon. Apr. 8)

15. Monetary expansion and inflation (*meeting 23; Mishkin ch. 23*)
16. Money and exchange rates (*meetings 24-25; Mishkin ch. 18*)
17. The options for monetary policy (*meetings 26-28; Mishkin, ch. 17*)

Final exam (Wednesday May 1, 10:30 am – 1:15 pm)

The following policies are stated as a matter of record: (1) Collaboration on problem sets is permitted. (2) You may hand in or email a problem set early. Because we will go over the answers at the start of class, *late problem sets will receive a score of zero*. (3) Missed problem-set points will be added to the weight on your final exam. (4) The midterm exams will each be given only on the dates scheduled. If you

miss an exam for any reason (you do *not* need to inform me beforehand nor provide an excuse after the fact), its points will be added to the weight of your final. (Note well: final exam percentage scores are typically lower than any of the midterm exam scores, because there's more to remember. Diversifying lowers risk. It is therefore not a wise strategy to miss an exam if you don't need to.) (5) You may not "discard" a midterm or final exam score after you take it. Missed points on an exam that you do attend will *not* be added to the weight on your final exam. (6) No mobile phone may be used during an exam. A calculator may be used for computation only. Use for information retrieval is cheating. (7) Failure to take the final exam at the scheduled time will result in an exam score of zero absent a valid medical excuse or certified exam conflict. (8) Performance on problem sets and exams will be the only basis for grading. No additional extra-credit projects will be offered or accepted. Grades are not negotiable. A low grade will not be excused after the fact. (9) Exams are governed by the University's academic honesty policy. Cheating results in a zero score. (10) No student may leave a midterm exam (final exam) before 25 (45) minutes have elapsed. No student may enter an exam after anyone has left.

Additional Information that GMU suggests be added to all syllabi

ACADEMIC INTEGRITY: GMU is an Honor Code university; please see the University Catalog for a full description of the code and the honor committee process. The principle of academic integrity is taken very seriously and violations are treated gravely. What does academic integrity mean in this course? Essentially this: when you are responsible for a task, you will perform that task. When you rely on someone else's work in an aspect of the performance of that task, you will give full credit in the proper, accepted form. Another aspect of academic integrity is the free play of ideas. Vigorous discussion and debate are encouraged in this course, with the firm expectation that all aspects of the class will be conducted with civility and respect for differing ideas, perspectives, and traditions. When in doubt (of any kind) please ask for guidance and clarification.

GMU EMAIL ACCOUNTS: Students must activate their GMU email accounts to receive important University information, including messages related to this class.

OFFICE OF DISABILITY SERVICES: If you are a student with a disability and you need academic accommodations, please see me and contact the Office of Disability Services (ODS) at 993-2474. All academic accommodations must be arranged through the ODS. <http://ods.gmu.edu>

UNIVERSITY POLICIES

The University Catalog, <http://catalog.gmu.edu>, is the central resource for university policies affecting student, faculty, and staff conduct in university affairs

Other useful campus resources:

WRITING CENTER: A114 Robinson Hall; (703) 993-1200; <http://writingcenter.gmu.edu>

UNIVERSITY LIBRARIES "Ask a Librarian" <http://library.gmu.edu/mudge/IM/IMRef.html>

COUNSELING AND PSYCHOLOGICAL SERVICES: (703) 993-2380;
<http://caps.gmu.edu>