

Brandeis University
Department of Economics
Fall 2018

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ECONOMICS 172B
MONEY AND BANKING
SYLLABUS

Course description: This course provides an overview of the financial system and its place in the economy. Topics include (1) the monetary and payments systems, (2) financial instruments and their pricing, (3) the functions of financial markets and financial intermediaries in the economy, (4) the role of governments and central banks in supporting the financial system, and (5) the conduct of monetary policy and its macroeconomic effects. Special emphasis will be placed on what we can learn from recent events relating to the financial system, its regulation, and central banking. We will also examine some of the potential challenges facing central banks moving forward.

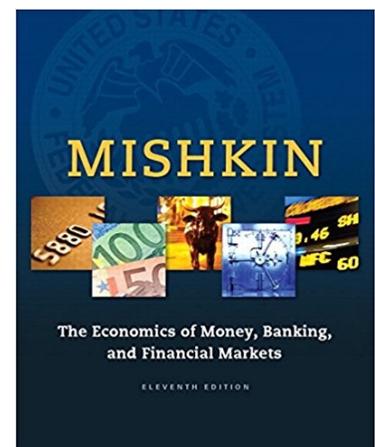
Learning goals: This course has five broad goals. (1) By the end of the semester, every student should have a better understanding of the role the financial system and financial prices play in allocating resources in developed economies. (2) Every student should be familiar with current economic thinking on what explains the division of labor between financial markets and financial intermediaries. (3) Every student should be able to explain some of the dynamics at work in financial crises. (4) Every student should have an enhanced understanding of the channels through which monetary policy affects the economy. (5) Every student should have a greater knowledge of financial instruments and institutions, e.g., bank checks, commercial paper, commercial banks, central banks.

	Class meetings	Office hours
Time	MW 2:00-3:20 PM	MW 3:45-5:00 P.M., Th 12:00-2:00 P.M., or appointment
Location	Golding 110	IBS 160

Prerequisites: Macroeconomic Theory (Economics 82b) and Statistics for Economic Analysis (Economics 83a).

Textbook: The required textbook for this course is Frederic S. Mishkin, *The Economics of Money, Banking, and Financial Markets*, 11th Edition (Pearson, 2015).

Supplementary materials will be posted in LATTE on a topic-by-topic basis. You are also encouraged to keep up with current economic and financial events by reading [*The New York Times*](#), [*The Economist*](#), the [*Financial Times*](#), [*The Wall Street Journal*](#), or similar publications.



Grading: Grades will be assigned according to a curve of the raw course scores computed using the following formula:

Project	Component due dates posted in LATTE	10%
Problem sets	Weekly	10%
Midterm I	10/17	25%
Midterm II	11/14	25%
Final Exam	TBD	30%

Class participation can also influence your grade. To help you track your progress over the semester, I will post rough grade distributions for Exams I & II in LATTE.

Project: All students will be assigned to a project. I will award full credit if you put in a good faith effort on your project over the semester.

Homework: Homework assignments and due dates will be posted in LATTE. In computing your homework average, **I will drop the lowest homework score.**

Exams: The topics and chapters covered on each of the exams are given in the course outline below. (Exam dates and/or topics are subject to change, at the discretion of the instructor.) The exams may include any material from class, the text, the homework, and course supplements. Sample exams will be posted in LATTE.

“Extra-credit” assignments: There will be no opportunities to earn “extra credit.”

Policies.

Classroom etiquette: Students are expected to refrain from behavior that is disruptive to their classmates. Please **do not talk to your neighbors during lecture periods and silence and put away all laptops, cell phones, and other electronic devices.**

Attendance: Class attendance is required and will be monitored over the term.

Excused absences: If you experience an illness or other circumstance that prevents you from attending class, please let me know so we can make arrangements for you to make up any work you missed.

Information dissemination: Course information will be posted in LATTE. You are responsible for checking the LATTE course page frequently. Any significant changes to our schedule will be announced via email.

Contacting me: In addition to my office hours, the best way to contact me is via email.

Accommodations: If you are a student with a documented disability on record at Brandeis University and wish to have a reasonable accommodation made for you in this class, please see me immediately. Such accommodations cannot be provided retroactively.

Academic integrity: You are expected to be honest in all of your academic work. Please consult Brandeis University [*Rights and Responsibilities*](#) for all policies and procedures related to academic integrity. Allegations of alleged academic dishonesty will be forwarded to the Director of Academic Integrity. Sanctions for academic dishonesty can include failing grades and/or suspension from the university.

COURSE OUTLINE

8/29:	Course Introduction	chs. 1 & 2
I.	The Monetary and Payment Systems	
8/29 & 9/5:	Money	ch. 3
9/6 & 12:	Retail Payments	ch. 3
9/17:	Wholesale Payments	ch. 3
9/25:	The Federal Reserve's Role	ch. 3
II.	Financial Instruments and their Pricing	
9/26:	Financial Instruments	ch. 2
10/3:	Security Valuation and Analysis	chs. 4 & 7, pp. 140-4
10/8:	The Determinants of Interest Rates	ch. 5
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10/17:	Midterm I covering the material to this point	
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10/10:	Explaining Variation in Security Returns	ch. 6
10/15:	The Term Structure of Interest Rates	ch. 6
10/22 & 24:	Derivative Securities	
III.	Financial Intermediaries	
10/29:	Why Financial Intermediaries Exist	chs. 2 & 8
10/31:	Depository Intermediaries	ch. 9
11/5:	Regulation	chs. 10 & 11
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11/14:	Midterm II covering the material since Midterm I	
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11/7 & 12:	Financial Crises	ch. 12
IV.	Central Banking	
11/19:	The Goals and Conduct of Monetary Policy	ch. 13
11/26:	The Money Supply Process	ch. 14
12/3:	The Implementation of Monetary Policy	chs. 15 & 16
12/5:	The Monetary Transmission Mechanism	ch. 25
12/10:	Conclusion	
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TBA:	Final Exam covering the material since Midterm II	
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