

## ECO 301: Money and Banking - Fall 2018

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### Instructor Information

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James Murray, Ph.D.  
Office: 403T Wimberly Hall  
Email: [jmurray@uwlax.edu](mailto:jmurray@uwlax.edu)  
Office Phone: 608-785-5140

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### Meeting Time / Location

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7:45 - 9:10 AM Tuesday and Thursday, Room 114 CWH

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### Course Description

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An introduction to money, monetary policy, and banking, and their roles in the modern market economy. Attention is devoted to the current institutional structure in the U.S. and differing views on the relationship between money and the level of economic activity. Prerequisites: ECO 110, ECO 120.

The purpose is to introduce financial and monetary markets and examine them within the context of the functioning of the macroeconomy. The course provides students with an analytical framework for identifying problems in financial markets and the macroeconomy, and thinking about economic policies that influence financial and monetary markets to remedy such problems.

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### Learning Objectives

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For successful learning, it is important that you understand why we do the reading, lectures, assignments, etc, we do. Everything we do in this class is meant to achieve the learning objectives below. It would be useful for you to pay careful attention to what learning objectives the lectures and assignments are meant to achieve.

1. Describe how financial markets affect the overall functioning of the economy.
2. Define different measures of money, and analyze a market for money to predict changes in interest rates and the quantity of money in the economy.
3. Predict changes in interest rates using fundamental economic theories including present value calculations, behavior towards risk, and supply and demand models of money and bond markets.
4. Describe how interest rates, interest rate risk, and expectations of future interest rates affect decisions made by consumers and financial institutions.
5. Identify market failures in financial markets, describe their impact on the financial markets and the macroeconomy, and suggest market or government policy solutions to address these problems.
6. Describe the role expectations play in determining equilibrium in financial markets and the macroeconomic impact from monetary policy.
7. Explain the structure of the Federal Reserve System and the mechanisms in which it controls the money supply.
8. Explain possible causes for recent financial crises, describe potential consequences for the macroeconomy, and prescribe potential monetary policies to counteract or prevent financial crises.

9. Identify and analyze macroeconomic problems using graphical and computational models and prescribe appropriate monetary policy solutions.
10. Use public macroeconomic and financial data to demonstrate understanding and application of one or more of the above learning outcomes.
11. Students will communicate in formal oral and written settings applications of one or more of the above learning outcomes.

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### **Economics Major Learning Outcomes**

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The course-specific learning objectives listed above contribute to the following learning objectives for the economics major:

1. Students will use economic models in domestic and global contexts to analyze individual decision making, how prices and quantities are determined in product and factor markets, and macroeconomic outcomes.
2. Students will analyze the performance and functioning of government, markets, and institutions in the context of social and economic problems.
3. Students will think critically about economic models, evaluating their assumptions and implications.
4. Students will use data to describe the relationships among variables in order to analyze economic issues.
5. Students will communicate economic thought and analysis in both written and oral contexts to varied audiences.

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### **Course Resources**

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Textbook: Glenn Hubbard and Anthony P. O'Brien (2013). *Money, Banking, and the Financial System*. Second Edition.

Class website: <http://www.murraylax.org/eco301/fall2018/>. Most of the material handed out in class will be posted on the class website.

Canvas: Grades will be posted on Canvas, and some quizzes and class material may be administered through Canvas. Most of the class material will be posted on the class website.

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## Office Hours

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I am available for office hours **by appointment with a minimum of only one hour notice**. You may schedule a 15 minute appointment by visiting <https://murraylax.youcanbook.me>. The blocks of time that I am available each week vary and are kept up to the minute on the YouCanBook.Me online scheduler. Additional walk-in office hours will be added as necessary, especially during exam weeks and weeks with significant homework deadlines. My typical weekly availability is given below.

8:30 AM - 2:30 PM Monday, Wednesday, Friday      Visit <https://murraylax.youcanbook.me>  
9:30 AM - 12:00 PM Tuesday and Thursday      to make an office hours appointment.

**Be prepared for your office hours appointment.** Have your questions written down. Be able to demonstrate that you have taken class notes and read the textbook on the topic of your questions.

When scheduling office hours, please schedule only one 15 minute block. Under normal circumstances, you **should not schedule two or more consecutive blocks** in an effort to create a 30 minute or longer appointment. The 15 minutes will be sufficient if you have prepared for the appointment, you have completed the required and suggested work, and you are attentive in class. Students that have exceptional circumstances that may warrant a longer appointment include those conducting independent studies or outside research with me, or those who missed more than one consecutive class period for exceptional circumstances such as family emergencies or active military obligations. If you need a longer appointment, please discuss it with me ahead of time.

Office hours are not a substitute for attending class. Except when missing class for very extreme circumstances that were promptly discussed with me, it is not acceptable to use office hours to ask questions about material you missed while not in attendance.

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## OFFICE HOURS SATISFACTION GUARANTEED!

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I guarantee that coming to office hours to ask questions on material you do not completely understand will increase your grade in the class. If you come to office hours and still get questions wrong on the exam about the topic we discussed, I will refund those points! This guarantee is subject to the following conditions:

1. Refund points are good for up to two topics on each exam, and up to a total of 10 percentage points per exam.
2. You and I must agree in writing using the form at the end on the syllabus that the topic that is guaranteed. On this form we both agree that I have explained the topic sufficiently and that you have acquired a good understanding from our discussion.
3. You must have attended class when the topic was initially taught.
4. Only three guarantee forms may be filed before each exam.
5. Only one guarantee form may be filed on a single day. Therefore, filing two or three guarantee forms before an exam will require at least two or three separate office hours visits, respectively.
6. After the exam, if you get questions wrong that were guaranteed, it is your responsibility to recognize this and present your copy of the guarantee form to notify me you should get the points refunded.

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## Assessment

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Learning will be assessed through weekly quizzes, homework, and exams. The grading breakdown will be:

- Quizzes / In-class Exercises / Homework: 10%
- Writing assignments: 10%
- Projects: 20%
- Exam 1: 20%
- Exam 2: 20%
- Cumulative Final Exam: 20%

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## Grade Breakdown

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94-100	A	77-81	BC
89-93	AB	70-76	C
82-88	B	0-69	F

I reserve the right to scale every person's grade up by the same amount on any graded item in the event that much of the class falls short of the scale above. However, even if the grades are significantly low, there is no guarantee that I will ever do this.

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## Graded Coursework Response Time

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I will return all graded work to you within two weeks of the due date, or before the next exam date if the work is relevant practice for the exam. Work that is turned in late may not be accepted, but if so, I may not be able to grade the work within the two-week time frame. Grades will be posted on the Canvas gradebook on or before the date I return the graded work to the class. I will return graded coursework in compliance with FERPA regulations, such as in class or during my office hours. I will bring your graded coursework to class only once. If you are not in attendance when coursework is returned, it is your responsibility to make arrangements to pick your work.

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## In-class Exercises and Quizzes

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There will be many announced and unannounced in-class exercises and quizzes given throughout the semester. These are based on class lecture, prerequisite knowledge, assigned reading, or other suggested work, and are designed to communicate learning expectations and give you quick feedback on how well you are achieving these. Classes will begin with your questions so that you can resolve any problems with assigned work before the quiz begins.

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## Homework Assignments

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There may be some homework graded assignments assigned throughout the semester which are weighted equally to in-class exercises and quizzes. Some non-graded and non-collected homework assignments may also be given throughout the semester. If you do not have any questions about the non-graded, non-collected homework assignments, I will assume you did complete and understand them.

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## Exams

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There will be two midterm exams and one final exam. The midterm exams cover primarily material since the previous exam, but the second exam may include earlier material. The final exam is cumulative. All exams require a calculator, so be sure to bring a calculator to class on exam days. You may not share calculators with other students. Unless otherwise enforced by university policy, you must take the final exam at the scheduled time given below. The exam dates are as follows:

- Exam 1: Thursday, October 11
- Exam 2: Thursday, November 29
- Final Exam: Tuesday, December 18, 4:45 PM - 6:45 PM, Room 114 CWH  
UWL final exam schedule: <http://www.uwlax.edu/Records/Final-Exam-Schedule/>

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## Essays on Economics Department Seminars

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The Economics Department regularly brings in speakers that present new research in economics that they are in the process of creating. This is a unique opportunity to see where economics knowledge is expanding beyond our textbooks, right from the source where knowledge is being created. You will be required to **attend at least two of these seminars and write a 300-500 word reflection** (about 1-2 typed, double spaced, pages) for each.

Address the following in your reflection essays:

1. What is the *purpose* of the research project or what is the *research question*? Why does the author argue that this is an important or interesting question to answer?
2. Briefly describe the author's methodology. That is, how does the author answer the research question? What kind of data or variables does the author investigate? What comparisons or relationships does the author investigate? Don't worry about trying to understand everything. **Try to understand the big picture and give just a brief description** of the methodology.
3. What are the author's conclusions? What did the author find out out?
4. Your reflection / evaluation: Evaluate whether the author's work, conclusions, or findings are interesting or important.

Don't be afraid to ask questions of the speakers when you don't understand enough. While you may reveal that you did not understand something, you will not look stupid. On the contrary, you will give the impression to the speaker and to the economics professors in the room that you are interested, engaged, and brave. The speaker will definitely appreciate seeing students participating in an attempt to understand their work. Do not describe in your reflection that you did not understand something. If that is the case, you did not do your job participating in the seminar, and you will receive zero credit for the assignment. It's also not important to understand every aspect of the presenter's work. Focus on the bullet points above, and learn enough from the seminar to address each aspect.

Note that most of these seminars may not be specifically about money and banking. This is expected. Regardless of the 300-400 level economics courses you may currently be taking, it is important for economics students at your level to begin developing an interest and knowledge in advanced topics of economics in a variety of fields.

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## Research Projects

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You will conduct *two* of your own mini-research projects in which you will choose a specific topic; review recent and relevant literature in the field; discuss differences in views or conclusions reached in different papers; examine financial or macroeconomic data that informs the discussion, and provide an evidence-based argument for a particular view point. Each paper should be approximately 3-5 double-spaced pages in length.

**Audience:** Think of your target audience as intelligent adults with an interest in economics and who have at least some basic knowledge of economics, though perhaps have not completed ECO 301 and do not have a strong background in your particular topic. This includes other college students who have a major or minor in economics and current economics and business instructors.

**Paper components:** The following are important components to your paper. You may find it convenient to organize your paper in the order below, but you may choose any organization that you find most convenient for your work so long as the following components are addressed.

- *Introduction:* Introduce and motivate your research topic, provide relevant background information so that your readers have the information they need to understand your paper and understand why the issue is important.
- *Literature review:* Describe the important literature in this field. Be careful to not make this section sound like a list (this paper does this, then this paper does this, then this paper does this, etc). Let this section tell a story. For example: What are competing ideas in this field? Why do experts disagree on these ideas? What evidence is there in favor or against these ideas? How has knowledge or views in this area evolved? Organize this section around ideas.
- *Data:* Find macroeconomic and/or financial data that helps inform the discussion. Create graphs or tables that effectively communicate the point that you try to make with the data. You may find the data you need at <https://fred.stlouisfed.org>.
- *Argument:* Make an argument for a particular viewpoint or conclusion, and back it up with compelling reasoning and data. This is the most important aspect of your paper. Readers can get background information from reading other papers. People choose to read your paper to see the existing knowledge put into a unique perspective, as a way to see evidence in favor or against a particular conclusion.
- *Conclusion:* Review the question you explored and the answer/argument/conclusion at which you arrived. Take the discussion a step further by admitting drawbacks to your arguments, discussing a path where more research should be done, and/or speculate on the next steps policy makers or other researchers could take given your conclusions.

**Writing Center:** Consider consulting with the UWL Writing Center. The writing center tutors are able to assist with a wide variety of writing assignments. They can assist you at any stage of the writing process (as long as it is not the last minute!), from understanding the assignment, to organizing and revising, to polishing the paper.

- *Location:* Murphy Library Learning Center, Room 256.
- *Web:* <https://www.uwlax.edu/murphy-learning-center/subject/writing-center/>

- *Email:* [writingcenter@uwlax.edu](mailto:writingcenter@uwlax.edu)
- *Book an Appointment with a Tutor:* <https://bookeo.com/uwlwritingcenter>

**Possible paper topics:** There are countless topics that you can explore. Below are some suggestions to help you get started. While I hope you find these ideas useful, all of these need to be narrowed down further to make an appropriate research paper. Feel free to find your own topic outside this list, but first discuss your idea with your instructor.

1. *Quantitative easing:* What has been the effectiveness of monetary policy at the zero lower bound? In 2010 the Federal Reserve lowered its key interest rate, the Federal Funds rate, to between 0% and 0.25%. Unable to lower short-term interest rates like this any further, the Fed has conducted rounds of “quantitative easing,” expanding money supply even further and in some unique and deliberate ways. Explore these actions, the reasoning behind such policies, and argue whether these have been effective.
2. *Negative interest rates:* Following the most recent recession and financial crisis, interest rates in the United States and in many places in the world approached 0%, limiting further traditional monetary policy to stimulate the economy. Some countries have responded by lowering interest rates below zero, so that financial institutions have to instead *pay interest* for the privilege of holding on to reserves.
3. *Monetary policy history:* Investigate monetary policy during a particular episode in the United States or another country’s history. Explore what was the conduct of monetary policy during a particular point in time, such as a financial crisis or recession. For example, what actions did the Federal Reserve take following the “Great Inflation” of the late 1970s? What was the justification or what were the goals for this course of action? Was it effective? What more could have been done? What alternative policy could have been enacted?
4. *Yield curve:* What explains movements in the yield curve? Can the yield curve shed light on problems in the economy? Can the yield curve shed light on the effectiveness of monetary policy? Can the yield curve be an effective tool for forecasting?
5. *Central bank independence:* Many argue that allowing a central bank to operate independently from elected policy makers (while still allowing for long-run oversight) is essential for macroeconomic stability. Discuss the arguments and evidence for and against this proposition.
6. *Monetary policy targets:* Should a central bank be more concerned with inflation targeting or output stabilization? That is, should the central bank concern itself with trying to stabilize macroeconomic downturns, focus primarily on maintaining a low, stable inflation rate, or some combination of the two?
7. *Regulations and oversight of financial institutions:* Should the Central Bank increase/decrease its oversight of the actions of financial institutions in order to reduce individual risky behavior and reduce systemic risk. If so, how so?
8. *Exchange rate defense:* Some country’s central banks actively manage the exchange rate, whether this means keeping the exchange rate fixed with respect to another currency or maintaining a slowly-moving floating peg. There have been many cases of speculative attacks on international currencies, where financial investors suddenly pull financial assets out of the country which results in a sudden and significant depreciation of the currency. A central bank can reverse or counter the depreciation by using its international reserves to buy its own currency, reducing the supply of its own currency and therefore pushing up the equilibrium exchange rate (the equilibrium price

of the currency). Pick one or more countries where a speculative attack happened, discuss the episode, discuss the central bank's response or lack of response, and argue whether the policy was appropriate.

9. *Private and virtual currencies:* There has been recent interest and growth in private virtual currencies such as *Bitcoin*, and there is a history of private currencies that extends centuries into the past. A research project could discuss a particular private currency or category of currency, how creation and circulation of the currency works, what are the benefits and drawbacks of private currencies (including both private user and macroeconomic benefits and consequences), and what are the implications, if any, for monetary policy.
10. *Hyperinflation episodes:* Investigate the macroeconomic history of a hyperinflation episode, such as those experienced in Venezuela in 2018, Zimbabwe in 2008, or Germany during 1914-1923. Hyperinflation is the occurrence of inflation in excess of 50%, sometimes in the millions percent or even larger. It is almost always due to monetary mismanagement by the government, but in response to exceptionally difficult macroeconomic circumstances. An investigation in a hyperinflation episode should include this broader macroeconomic picture.

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## Poster Presentation

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Near the end of the semester you will present one of your projects at your choosing. You will create a poster (several "slides" printed and attached to a board) that communicates the most important background information, ideas, and conclusions of your paper.

**Presentation Guidelines:** The poster presentation involves standing with your poster and being able to summarize and discuss your work in approximately 5 minutes. The poster should also be informative to anyone who does not attend the presentation.

- Your poster needs to be self-explanatory. You need to make sure everyone will understand your research question, your methodology (if it applies), and the conclusion (or result) of your research by just looking at your poster.
- Do not overload your poster with information and text. Summarize, use bullet points, and avoid long sentences. You can explain things in more detail in the oral presentation.
- Include tables and/or graphs that are relevant to your argument and make sure the graphs are self-explanatory and all elements are visible. Do not forget to label your graphs with titles, axis labels, legends.
- Be prepared to give a 1 minute summary of your research question and to answer any question audience may have.
- Be prepared for a 5 minute summary in order to provide your audience with a more detailed description of your research, in case the audience is interested.
- Think carefully about presentation skills:
  - Make eye contact with the audience
  - Be confident and comfortable with your research question
  - Speak clearly, loud enough, and at an appropriate pace.
  - Dress appropriately and look professional.



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## Double Counting Work with Other Courses

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No assigned work from this course may be used to also satisfy a requirement for another course. Such practice is often allowed in college courses when instructors from both courses give explicit permission and communicate with each other of the joint expectations for the student. I will not follow this practice in this course. Understand that submitting the same work in multiple courses without obtaining permission from both instructors is considered self-plagiarism; it is academic misconduct and it will be treated as such.

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## Submitting Late Work

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Attendance is required to receive credit for graded work completed in class, including quizzes, in-class exercises, and exams. Late work will not be accepted except for extraordinary circumstances. If possible, you should notify me before a missed class or assignment deadline that you will not be able to complete the assigned work at the given deadline and we may agree on an appropriate accommodation. In the event of missing class or an assignment deadline due to illness or emergency, you should notify me as soon as possible afterwards so that we can make arrangements for you to make up missed work. **Late work cannot be accepted under any circumstances after I have returned graded work to the class or after answer keys have been circulated.** It is for this reason that is important to notify me as soon as possible any circumstance that makes it appropriate to submit work late.

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## Grade Change or Extra Credit Requests

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I evaluate and assign grades for a lot of work from a lot of students in multiple courses, so it possible or even likely I may make mistakes. It is appropriate and helpful to me if you keep track of your grades that I post to Canvas and notify me if I have made a mistake. **It is not appropriate to ask for grade changes or special extra credit opportunities after performing poorly on assignments or exams**, or not achieving a grade that you hoped to earn. These requests will not be granted. Know also that such requests to me and most any instructor reflect poorly on your professionalism, attitude, and priorities.

In the event that scores are low for an assignment or exam across most or all students I do reserve the right to increase every students' grade by the same amount or give an extra credit opportunity to all students. Please understand that such events are rare and will not happen in a typical semester. Please do not make requests for such grade changes or extra credit opportunities. I do see the full distribution of all the students' grades and I have over a decade of knowledge and experience of the historical performances of students on similar assignments and exams in my classes and with other instructors. I use this full range of information to determine when such changes are appropriate.

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## Attendance

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Full physical and mental attendance is expected for every class period. That means **you attend and are attentive** in every class, and you take responsibility for knowing any announcement or concept I describe in class. If you need to miss a class day or exam day because of illness or emergency you may be excused and arrangements can be made for you to make up missed work if you notify me as soon as possible after the missed class.

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## Eagle Alert System

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This class will be participating in the UWL Eagle Alert system through WINGS. The Early Alert system is designed to promote student success. If I notice that you are experiencing difficulties early in the semester (e.g., low assignment scores, poor attendance, minimal engagement in the classroom), I may enter feedback into the program and you will receive an email indicating that feedback has been left. I may also enter positive feedback encouraging you to think about additional opportunities. You will be able to access the feedback through your student center in WINGS. I encourage you to meet with me and use one or more of several helpful campus resources listed here <http://www.uwlax.edu/studentssuccess/>.

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## Online Student Evaluation of Instruction (SEI)

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The university conducts student evaluations electronically. Approximately 2 weeks prior to the conclusion of a course, you will receive an email at your UWL email address directing you to complete an evaluation for each of your courses. Electronic reminders will be sent if you do not complete the evaluation. The evaluation will include numerical ratings and, depending on the department, may provide options for comments. The university takes student feedback very seriously and the information gathered from student evaluations is more valuable when a larger percentage of students complete the evaluation. Please be especially mindful to complete the surveys.

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## Mandatory Reporter of Sexual Misconduct and Harassment

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As an employee of the University of Wisconsin-La Crosse, I am a mandated reporter of sexual harassment and sexual violence that takes place on campus or otherwise affects the campus community. This means that if I receive detailed or specific information about an incident such as the date, time, location, or identity of the people involved, I am obligated to share this with UWL's [Title IX Coordinator \(https://www.uwlax.edu/affirmative-action/\)](https://www.uwlax.edu/affirmative-action/) in order to enable the university to take appropriate action to ensure the safety and rights of all involved. For students not wishing to make an official report, there are confidential resources available to provide support and discuss the available options. The contact in Student Life is Ingrid Peterson, Violence Prevention Specialist, 608.785.8062, [ipeterson@uwlax.edu](mailto:ipeterson@uwlax.edu). Please see <http://www.uwlax.edu/sexual-misconduct> for more resources or to file a report.

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## Religious Accommodations

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Per the UWL Undergraduate [Catalog \(http://catalog.uwlax.edu/undergraduate/\)](http://catalog.uwlax.edu/undergraduate/), “any student with a conflict between an academic requirement and any religious observance must be given an alternative means of meeting the academic requirement. The student must notify the instructor within the first three weeks of class (within the first week of summer session and short courses) of specific days/dates for which the student will request an accommodation. Instructors may schedule a make-up examination or other academic requirement before or after the regularly scheduled examination or other academic requirement.”

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## Students with Disabilities

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Any student with a documented disability (e.g. ADHD, Autism Spectrum Disorder, Acquired Brain Injury, PTSD, Physical, Sensory, Psychological, or Learning Disability) who needs to arrange academic accommodations should contact The ACCESS Center (165 Murphy Library, 608-785-6900, [ACCESSCenter@uwlax.edu](mailto:ACCESSCenter@uwlax.edu)) and meet with an adviser to register and develop an accommodation plan. In addition to registering with The ACCESS Center, it is the student's responsibility to discuss their academic needs with their instructors. You can find out more about services available to students with disabilities at The ACCESS Center website: <http://www.uwlax.edu/access-center>.

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## Veterans and Active Military Personnel

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Veterans and active military personnel with special circumstances (e.g., upcoming deployments, drill requirements, disabilities) are welcome and encouraged to communicate these to me, in advance if possible. For additional information and assistance, contact the [Veterans Services Office](http://www.uwlax.edu/veteran-services/) (<http://www.uwlax.edu/veteran-services/>). Students who need to withdraw from class or from the university due to military orders should be aware of the [military duty withdrawal policy](http://catalog.uwlax.edu/undergraduate/academicpolicies/withdrawal/#military-duty-withdrawal-university) (<http://catalog.uwlax.edu/undergraduate/academicpolicies/withdrawal/#military-duty-withdrawal-university>).

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## E-mail Guidelines

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I insist on the following e-mail etiquette rules (many of these are also recommended by the College of Business Administration). Failure to adhere to these guidelines will result in a reply with a friendly reminder to follow these e-mail guidelines.

- Allow one business day to elapse before expecting a reply. This means it is not appropriate to send email requests which would require a reply within 24 hours to address, such as questions about work due within the next 24 hours.
- Questions sent by e-mail should be able to be answered with only a few words, such as 'yes' or 'no' questions. Questions whose answers involve explaining class material are not appropriate over e-mail. For answers to these questions you should make an office hours appointment.
- Always include a subject that is brief but still has sufficient detail so a glance at my inbox makes the purpose of the message apparent.
- Always include the course number (ECO 301) in the message.
- Look at your class notes and syllabus before sending an e-mail. Do not ask a question whose answer is on the syllabus or announced in class (unless you missed class for a legitimate reason).
- Always spell check, grammar check, and re-read your e-mail before sending it.

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## Academic Misconduct

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Academic misconduct is a violation of the UWL Student Honor Code and is unacceptable. I expect you to submit your own original work and participate in the course with integrity and high standards of academic honesty. The UWL Student Honor Code can be found online at <http://catalog.uwlax.edu/undergraduate/academicpolicies/studentconduct/>. In the event a student is caught committing academic misconduct, I will pursue the harshest penalties allowed by Wisconsin state law as described in the UWS 14 Student Academic Disciplinary Procedures here, [https://docs.legis.wisconsin.gov/code/admin\\_code/uws/14](https://docs.legis.wisconsin.gov/code/admin_code/uws/14).

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## UWL Legal Obligations to Students

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Many of the above legal obligations of instructors and the university are afforded to all UWL students in all their courses. You can see these at <https://www.uwlax.edu/info/syllabus/>.

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## Preliminary Topics Schedule

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Below is a list of topics and readings for this class. This is a preliminary schedule. Depending on time constraints and the topics the class finds most interesting, we may choose to not cover some of the items below, cover items that are not shown below, or re-arrange the schedule.

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### 1. Introduction

- Introduction to Money and the Financial System: Hubbard & O'Brien, Chapter 1.
- Overview of financial system: Hubbard & O'Brien, Chapter 2.

### 2. Financial Markets

#### (a) Behavior of Interest Rates.

- Basics of interest rates: Hubbard & O'Brien, Chapter 3.
- Supply and demand in bond markets: Hubbard & O'Brien, Chapter 4.
- Term structure of interest rates: Hubbard & O'Brien, Chapter 5.

#### (b) Financial Institutions

- Transaction costs and Asymmetric Information: Hubbard & O'Brien, Chapter 9.
- Economics of Banking: Hubbard & O'Brien, Chapter 10.
- Investment Banks, Mutual Funds, Hedge Funds, and the Shadow Banking System: Hubbard & O'Brien, Chapter 11.
- Financial Crisis and Financial Regulation: Hubbard & O'Brien, Chapter 12.

### 3. Monetary Policy

#### (a) Structure of the Federal Reserve System

- Hubbard & O'Brien, Chapter 13.

#### (b) Money Supply Process

- Hubbard & O'Brien, Chapters 14, 15.

#### (c) Monetary Policy Transmission

- Short run to long run, Aggregate Supply / Aggregate Demand: Hubbard & O'Brien, Chapter 17.
  - IS/MP Model: Hubbard & O'Brien, Chapter 18.
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### Office Hours Guarantee

Name: \_\_\_\_\_

Date / Time: \_\_\_\_\_

General Topic: \_\_\_\_\_

Chapter / Reading Reference: \_\_\_\_\_

Describe specifically the concept that is guaranteed:

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Student Signature

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Instructor Signature

Student Copy

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### Office Hours Guarantee

Name: \_\_\_\_\_

Date / Time: \_\_\_\_\_

General Topic: \_\_\_\_\_

Chapter / Reading Reference: \_\_\_\_\_

Describe specifically the concept that is guaranteed:

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Student Signature

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Instructor Signature

Instructor Copy

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