Econ 335 / Money and Banking

Fall 2014 Syllabus

https://sites.google.com/site/econ335washu/

Contact Information:

Email	Office hours
Juan M. Sanchez (Instructor) econ335washu@gmail.com Tuesdays 5.30PM, at Seigle 315 E

TA until midterm:
Oviedo Moguel, Rodolfo roviedomoguel@wustl.edu Wednesday and Thursday at 2.30pm to 4pm, Seigle Hall 376

TA after midterm:
Aguelakakis, Nicolas (TA) naguelakakis@wustl.edu Wednesday and Thursday at 2.30pm to 4pm, Seigle Hall 358

Course Description:
This course is an introduction to the economics of money and banking. We will focus on the microeconomic and macroeconomic aspects of money and banking. We will develop the principles for understanding interest rates, inflation, bank runs, and banking regulations.

Texts:

Grading:
Your grade will be determined by 2 exams and 10 homework assignments. The maximum number of points in the course is 100.
- Exam 1: Up to 30 points.
- Exam 2: Up to 30 points.
- Homework: Up to a total of 40 points. There will be 10 assignments with up to 5 points each. The worst 2 grades in the homework assignments will NOT be used to compute the final grade.

Homework:
Due at 4PM on Fridays. Place homework assignments in hanging file folder in Economics Department office, 307 Seigle Hall.
NOTICE that the office closes at 4PM, so please go earlier.
**Exams:**
1) Tuesday October 14th at 4PM, at L002 Seigle Hall
2) Thursday December 4th at 4PM, at L002 Seigle Hall

Note: Class of Tuesday 25th of November will be cancelled (Thanksgiving Break).

**Course Content:**

*(1) Financial Institutions and Key Concepts*

a – Institutions and Concepts  
Mishkin: Chapters 1, 2.  
The Economist: “Over the counter, out of sight”

b - Understanding Interest Rates  
Mishkin: Chapter 4.  
Christensen: "Treasury Bond Yields and Long-Run Inflation Expectations"

c - The Risk and Term Structure of Interest Rates  
Mishkin: Chapter 6  
Neely: "The Mysterious Greek Yield Curve"

*(2) Money:*

a – What is Money?  
Mishkin: Chapter 3.  
Champ, Freeman, Haslag: Chapter 1  
Lucas: "What Economists do"

b - Quantitative Theory, Inflation, and the Demand for Money  
Champ, Freeman, Haslag: Chapter 3 and 5  
Mishkin: Chapter 19  
Koech: "Hyperinflation in Zimbabwe"

c - The Money Supply Process  
Mishkin: Chapter 14  
Ennis and Wolman: "Excess Reserves and the New Challenges for Monetary Policy"

**REVIEW SESSION: (10-9)**  
**MIDTERM EXAM: (10-14)**  
**DISCUSS THE EXAM: (10-16)**
(3) Banking and Financial Intermediation

a - An Economic Analysis of Financial Structure
Mishkin: Chapter 8
Shin: "Financial Markets: An Engine for Economic Growth"
Greenwood, Sanchez, Wang: "Quantifying the impact of financial development on economic development"

b - Banking Industry: Structure and Competition
Mishkin: Chapter 12
Champ, Freeman, Haslag: Chapter 7
Wheelock: "Too Big To Fail: The Pros and Cons of Breaking Up Big Banks"
Wilcox: "Economies of Scale and Continuing Consolidation of Credit Unions"
James: "Mortgage-Backed Securities: How Important Is “Skin in the Game”?"

(4) Banking and Policy

a - Economic Analysis of Financial Regulation
Mishkin; Chapter 11
San Francisco Fed: What is being done to prevent another financial crisis?
Courtois and Ennis: Is There Stigma associated with Discount Window Borrowing?

b - Financial Crises
Mishkin; Chapter 9
Champ, Freeman, Haslag; Chapter 12
Lucas and Stokey: "Liquidity Crises ..."

REVIEW SESSION: (12-2)
FINAL EXAM: (12-4)
PICK-UP EXAM: (12-9)

Academic integrity:

You are held to the standards of academic integrity established by Washington University and your individual college. In particular, evidence of cheating on an exam will result, initially, in a failing grade on the exam, and immediate academic disciplinary action. If you ever feel that these standards of academic integrity are not being met, please notify me or an undergraduate advisor immediately. If you are uncertain about the policy on academic integrity at Washington University, refer to your undergraduate advisor, to the university’s Student Judicial Procedures, or to your school’s statement of student...
academic integrity. (For ArtSci students, the latter is published each semester in the Course Listings booklet.)