

**ECON:3335 (06E:117) Money, Banking & Financial Markets**  
**Department of Economics**  
**Tippie College of Business**  
**University of Iowa**  
**Summer 2016 CIMBA**

Lecturer: Stacey Brook, Ph. D.                      e-mail:                      stacey-brook@uiowa.edu  
Office:                      TBD                                      Office Hours:                      by appointment.  
Phone:                      TBD

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This course covers the functioning of the money and banking system and its interrelationship with the rest of the economy. Attention is given to the role of the Federal Reserve System as it affects the economy through monetary policy.

“The purpose of studying economics is not to acquire a set of ready-made answers to economic questions, but to learn how to avoid being deceived by economists” -- Joan Robinson, economist

**TEXT**

Frederic S. Mishkin, *The Economics of Money, Banking, and Financial Markets* 10<sup>th</sup> edition

**COURSE OBJECTIVES**

- To introduce students to basic concepts in the bond market and bank management.
- To develop the ability to reason accurately and objectively about monetary policy.

**POLICY**

**Attendance Policy:**

Attendance at all classes and CIMBA sanctioned activities is MANDATORY. All unexcused absences will have the following consequences:

- a. 1st absence will result in a loss of a 1/2 of a letter grade in that class;
- b. 2nd (cumulative) absence will result in a loss of an entire letter grade in that class;
- c. 3rd (cumulative) absence will result in a dismissal from the program.

Absences due to illness require a note from the CIMBA Undergraduate Office Staff and/or the Istituto Filippin medical staff. If a student is sick and cannot attend class, he/she must inform the CIMBA Staff immediately. Failure to do so will result in an unexcused absence.

**Exam:** There are three midterm exams worth **20%** of your final grade and one cumulative final exam worth **40%** of your final grade. Each exam will be comprised of essay/problem solving questions, there are no multiple choice questions on the exams.

**Final Exam Period:** The CIMBA program will announce when the final exam is for this course. I will be giving the final exam at that time.

**Open Door Policy:** Please feel free to meet me during office hours.

**Grades:** Your performance in this class will be determined by your performance on the exams. I will use the following scale to determine grades:

A+ = 97 – 100;    A = 93 – 97;    A- = 90 – 93;    B+ = 87 – 90;    B = 83 – 87;    B- = 80 – 83;  
C+ = 77 – 80;    C = 73 – 77;    C- = 70 – 73;    D+ = 67 – 70;    D = 63 – 67;    D- = 60 – 63;    F = 0 – 60.

**Academic Misconduct:** Any type of academic misconduct will result in an F for the course grade. All incidents of cheating will be reported to the Associate Dean of the Tippie College of Business and the student may be placed on disciplinary probation for the remainder of his or her undergraduate work at

the University of Iowa. In general, the decision of the Professor may be appealed to the College of Business' Judicial Board, then to the Associate Dean for the Undergraduate Program. The Honor Code for the Tippie College of Business will determine the appropriate appeal process. By enrolling in this course, you agree to be bound by the Honor Code, which can be found here: <http://www.biz.uiowa.edu/upo/honorcode.html>.

**Sexual Harassment:** The Tippie College of Business and the University of Iowa are committed to providing students with an environment free from sexual harassment. If you feel that you are being or have been harassed or you are not sure what constitutes sexual harassment, we encourage you to visit the University website, <http://www.sexualharassment.uiowa.edu/index.php>, and to seek assistance from department chairs, the Dean's Office, the University Ombuds Office, or the Office of Equal Opportunity and Diversity.

**Grievance Policy:** Student concerns regarding this course should first be discussed with me, the faculty member teaching this course. If we can't resolve the complaint, you may contact the departmental executive officer (DEO) of the Department of Economics (Professor Solow, W210 PBB). If you cannot resolve the complaint by speaking with the DEO, you should take your concern to the Dean's Office (C120 PBB).

**Students with Disabilities:** If you have a disability that may require some modification of seating, testing, or any other class requirement, please let me know as soon as possible so that appropriate arrangements can be made. Similarly if you have any emergency medical information about which I should know, or if you need special arrangements in the event the building must be evacuated, please let me know. Please see me after class hours or during my scheduled office hours or schedule an appointment. I would remind you that the Office of Student Disability Services is available to assist you.

### Course Outline

Chapter 1 Introduction  
Chapter 2 Financial System  
Chapter 3 Money  
Chapter 4 Interest Rates  
Chapter 5 Behavior of Interest Rates  
Chapter 6 Risk & Term Structure of Interest Rates  
Chapter 7 The Stock Market, Rational Expectations & Efficient Market Hypothesis  
Chapter 8 Economic Analysis of Financial Structure  
Chapter 9 Financial Crisis  
Chapter 10 Banking & Management  
Chapter 11 Banking Regulation  
Chapter 12 Banking Industry: Structure & Competition  
Chapter 13 Central Banks & Federal Reserve System  
Chapter 14 Money Supply  
Chapter 15 Tools of Monetary Policy  
Chapter 16 Monetary Policy: Strategy & Tactics  
Chapter 17 The Foreign Exchange Market  
Chapter 18 International Financial System  
Chapter 22 Aggregate Demand and Aggregate Supply  
Chapter 23 Monetary Policy Theory  
Chapter 24 Expectations & Monetary Policy  
Chapter 25 Transmission Mechanisms of Monetary Policy