

Money and Banking

Course syllabus

Summer school section II
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1. Introduction.

The fundamental goal of this course is to equip the student with a basic and broad understanding of monetary issues, policies and structures. To this end, the financial sector of the economy will be analysed from an institutional, theoretical and policy perspective. Due to the theory content of the course, knowledge of some basic mathematical concepts is assumed although there is no formal mathematical pre-requisite.

2. Outline.

I. Macroeconomic overview: Keynesian cross, ISLM and AD/AS analysis, what is the financial sector?

II. Financial Markets: Interest rates and their term structure. Market for foreign exchange and Bonds.

III. Financial Institutions: The Banking system. Asymmetric information and moral hazard and regulation of the banking sector.

IV. Monetary Theory and Policy: Role and structure of the FED, money creation and monetary policy goals and analysis.

3. Grading.

4 Homework's: 30%.
4 Quizzes: 20%.
1 Exam: 50%.

4. Text.

Fredric S Mishkin, The Economics of Money, Banking and Financial Markets. Seventh edition.