

**PORTLAND STATE UNIVERSITY  
DEPARTMENT OF ECONOMICS**

**EC-420/520 Money and Banking  
WINTER 2024**

**Instructor:** Cesar M. Rodriguez

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**Course website:** Canvas

**Class Time and Location:** Online (unscheduled).

**Office Hours:** By appointment (Zoom)

**Teaching Assistant:** Alder Piper (alder@pdx.edu)

**TA's Lab Hours:** Available in person at the Econ Lab and over Zoom by appointment

**Required Text:** Frederic S. Mishkin, *The Economics of Money, Banking, and Financial Markets*. 13th edition. Pearson

You can buy this book at PSU Bookstore at <https://pdx.bncollege.com/shop/portland-state-university/home>. Note that previous editions are acceptable. Please make sure you are reading the right material in case you are using different editions of the book.

If you need to review topics in intermediate macroeconomics, you can use the book by Olivier Blanchard, *Macroeconomics*, any edition.

**Course Description:** This is a course on the economics of money, banking and financial markets. It aims to provide the student with an introduction to the role of financial markets, financial institutions, money and monetary policy in the economy. There are three main components of this course. The first part of the course discusses the role of the financial system in the economy. The second part studies the structure of the Central Bank and the goals and tools of monetary policy. Finally, we cover topics in monetary theory.

**Course Outline:** The tentative schedule of topics to be covered in this class and the relevant chapters in the book are presented in the table below. The class schedule and reading assignments shown below are subject to change.

**Course Activities:** Your grade in this class will be based on your performance on the home assignments and the problem sets. The contribution of each of those to your final grade is shown below:

Home Assignments (9)	40%
Problem Sets (2)	60%

- **Home Assignments:** Homeworks are posted on Canvas under Assignments and each week's module. Each module has a home assignment that will open up on Mondays and is due on Sundays. Check Canvas for the exact due dates. You will complete and submit these home assignments on Canvas. You get up to two attempts for each homework. Each home assignment consists of multiple-choice questions from the corresponding module. **Please, no late assignments. There will be no "extra credit" work/assignments. Please work individually on these assignments.**
- **Problem Sets:** Two problem sets will be posted on Canvas as Midterm and Final exams. Please upload your answers as Word documents or PDF under the Assignments folder on Canvas. Problem Set 1 (Midterm) covers material from weeks 1-5 and Problem Set 2 (Final) covers materials from weeks 6-10. You will have a workweek to work on these problem sets. **Please, no change of the due dates for the problem sets. There will be no "extra credit" work/assignments. Also work individually on these problem sets..**

- **EC-520 students:** They will be evaluated according to the following:

Home assignments (9)	40%
Problem Sets (2)	40%
Presentation (1)	20%

The **Presentation** should be on a topic related to the course and will be determined in agreement with the instructor. Students will submit their presentations (PDF or PPT + recording) on Canvas the **Tuesday of finals week**.

**Affirmative Action:** Portland State University supports equal opportunity for all, regardless of age, color, disability, marital status, national origin, race, religion or creed, sex or gender, sexual or gender identity, sexual orientation, veteran status, or any other basis in law.

**Lauren's Promise—I will listen and believe you if someone is threatening you.** Lauren McCluskey, a 21-year-old honors student athlete, was murdered on October 22, 2018 by a man she briefly dated on the University of Utah campus. We must all take action to ensure that this never happens again.

**Title IX:** Portland State University is committed to providing an environment free of all forms of prohibited discrimination and sexual harassment (sexual assault, domestic and dating violence, and gender or sex-based harassment and stalking). If you have experienced any form of gender or sex-based discrimination or sexual harassment, know that help and support are available. Information about PSU's support services on campus, including confidential services and reporting options, can be found on PSU's Sexual Misconduct Prevention and Response website at: <http://www.pdx.edu/sexual-assault/get-help> or you may call a confidential IPV Advocate at 503-725-5672 or schedule online at <https://psuwrc.youcanbook.me>. Please be aware that all PSU faculty members and instructors are required to report information of an incident that may constitute prohibited discrimination, including sexual harassment and sexual violence. However, the Title IX Coordinators will keep the information confidential and refer you to a confidential advocate.

**Disability Resources at PSU:** Students with accommodations approved through the Disability Resource Center are responsible for contacting the faculty member prior to, or during, the first week of term to discuss accommodations. Students who believe they are eligible for accommodations but who have not yet obtained approval should contact the DRC immediately. PSU policies on accommodations can be found in the Disability Resource Center Handbook (<http://www.ess.pdx.edu/iasc/drc/handbook.pdf>).

**Course Materials:** All course materials presented in this course (lectures, assignments, empirical applications, midterms, finals, etc.) are the copyrighted property of the course instructor and PSU, and are for instructional personal use subject to the following conditions: (i) students may not record lectures/classroom activities or take any pictures unless prior written consent has been obtained by the instructor or through DRC, (ii) students may not share or post recordings or any other course materials online or distribute them in any way. Students violating these conditions will be reported to the Dean of Student Life and handled according to the procedures set out in the *Student Code of Conduct* or may face other academic disciplinary sanctions.

**Academic Honesty:** Academic honesty is expected and required of students enrolled in this course. Please note that if any evidence of plagiarism or cheating is detected, a grade of zero will be assigned to that home assignment, problem set, or presentation. Additionally, suspected academic dishonesty in this course will be referred to the Dean of Student Life and handled according to the procedures set out in the *Student Code of Conduct*.

COURSE OUTLINE (Tentative)

Week	Date	Chapters	Topics
		<i>Part I: Financial Markets</i>	
1	Jan 08 Jan 10	Ch 1 Ch 2	Why study money, banking and financial markets? An overview of the financial system
2	Jan 15 Jan 17	Ch 4 Ch 5	Understanding interest rates The behavior of interest rates
3	Jan 22 Jan 24	Ch 6 Ch 7	The risk and term structure of interest rates The stock market, the theory of rational expectations, and the efficient market hypothesis
4	Jan 29 Jan 31	Ch 17 Ch 17	The foreign exchange market The foreign exchange market
5	Feb 05 Feb 07	Ch 8 Ch 9	An economic analysis of financial structure Banking and the Management of Financial Institutions
6	Feb 12	MIDTERM (PS#1)	All material covered in Week 1 through Week 5
		<i>Part II: Central Banking and the Conduct of Monetary Policy</i>	
7	Feb 19 Feb 21	Ch 3 Ch 13	What is Money? Central banks and the federal reserve system
8	Feb 26 Feb 28	Ch 14 Ch 15	The money supply process Tools of monetary policy
9	Mar 04 Mar 06	Ch 16 Ch 16	The conduct of monetary policy: strategy and tactics The conduct of monetary policy: strategy and tactics
		<i>Part III: Monetary Theory</i>	
10	Mar 11 Mar 13	Ch 19 Ch 19	Quantity Theory, Inflation, and the Demand for Money Quantity Theory, Inflation, and the Demand for Money
11	Mar 18	FINAL (PS#2)	All material covered in Week 6 through Week 10