MONEY, BANKING, AND FINANCIAL MARKETS in Fall 2020 (EC3073)

Course Code	EC3073	**Professor(s)**	Shahram Alijani
Prerequisites	None	**Office Number**	G-206
Class Schedule	F: 10:50-12:25 in C-103 T: 16:20-17:55 in C-103	**Office Hours**	Tuesdays 15:00 – 16:00 & by appointment
Credits	4	**Email**	salijani@aup.edu
Semester	Fall 2020	**Office Tel. Ext.**	567

Course Description

COURSE DESCRIPTION:

This course studies the theoretical and empirical underpinnings of money, banking and financial markets and mechanisms. Building and expanding on the monetary, financial and banking topics studied in the introductory macroeconomics course, the course provides an in-depth analysis of the banking system and the functioning of national and global financial markets. The course investigates the role of the central bank and the commercial banking system and goes into an in-depth analysis of the monetary aggregates, money, bond and stock markets and their interrelationships. A particular emphasis is placed on the origin and consequences of financial crises and the implementation of monetary and fiscal policies to stabilize the economy.

Course Learning Outcomes

Understand news about the financial system
Critically evaluate commentary about that system
Describe, apply, and appraise economic theories that relate to money, banks, inflation, interest rates, stock prices, exchange rates, and aggregate income and output

General Education

GENERAL EDUCATION & GLACC REQUIREMENTS:

The general education program at AUP consists of four requirements: Speaking the World, Modeling the World, Mapping the World, and Comparing Worlds Past and Present. The GLACC programs fulfills the core curriculum requirements at the American University of Paris. This course emphasizes the GLACC learning objective “Civic and Ethical Engagement”. Students are expected to demonstrate awareness of ethical considerations relating to specific societal problems, values or practices and learn to articulate possible solutions to prominent challenges facing societies and institutions today so as to become engaged actors at various levels in our interconnected world.

Course Outline

CLASS ORGANIZATION: LECTURES, EXERCISES, MS TEAMS

Considering the numerous constraints imposed by the COVID-19 sanitary and traveling sanitary imperatives, class lectures, assignments and workshops will be conducted in a hybrid format that encompasses synchronous and asynchronous, distant and face-to-face sessions. Students are required to participate in all classes and do the assignments in one or more of the designated lecture and exercise formats. The current format requires a high degree flexibility, adaptation, agility and collaboration among all participants. In addition to class lectures, students are required to participate in four workshops designed to familiarize students with the application of the economic and financial theories and the tools and techniques used by economists. Due to the constraints imposed by the organization of hybrid classes, workshops may take place outside regular class session in a synchronous or asynchronous mode.

Students joining class via MS Teams are encouraged to participate actively in class discussions and exercises. Join meetings with mute on and turn your camera on when you ask questions. Please be mindful of potential technical problems, background noise and recording problems. Raise your hand when asking question, turn off your microphone during lecture and use the chat function parsimoniously.

OUTLINE:

The following topics will be covered with the approximate number of lectures appearing in parentheses:

- Role and functions of money (1)
- Financial system and institutions (3)
- Purpose, behavior and risk of interest rates (2)
- Stock and bond markets, Rational Expectations, Efficient Market Hypothesis (2)
- Banking and the management of financial institutions (3)
- Financial crises in advanced and emerging economies (3)
- Money supply, loan markets and monetary policy (4)
- Foreign Exchange market (3)

COURSE AND READING SCHEDULE

FALL 2020

Date	**Topics, Workshops and Examinations**	**Readings**
Week 1 Starting Sept. 21	Why study money and financial markets?	Mishkin, c
Week 2 Starting Sept. 28	Overview of the financial system, financial system and markets Role and functions of money	Mishkin, c
Week 3 Starting Oct. 5	Meaning, behavior, risk and term structure of interest rates **Workshop I: Asynchronous and synchronous sessions** **Exercise sheet 1, Research Paper and Project Topics**	Mishkin, c
Week 4 Starting Oct. 12	The stock market, Rational expectation and EMH **Test 1: Friday Oct. 16: asynchronous session**	Mishkin, c
Week 5 Starting Oct. 19	Economic analysis of financial structure and regulation	Mishkin, c
Week 6 Starting Oct. 26	Banking and the management of financial institutions Banking structure and competition	Mishkin, c
Weeks 7 Starting Nov. 2	Financial crises The central bank and the money supply process **Workshop II: Asynchronous and synchronous sessions** **Exercise sheet 2, Research presentations: Groups 1, 2, 3, 4, 5, 6.**	Mishkin, c

Week 8 Starting Nov. 9	Money supply process and the monetary policy **Test 2: Tuesday Nov. 10: asynchronous session** **Fall semester break: Nov. 11-15 No class on Friday Nov. 13.**	Mishkin, c
Week 9 Starting Nov.16	Tools and conduct of monetary policy Quantity theory, inflation, demand for money.	Mishkin, c
Week 10 Starting Nov. 23	Foreign exchange markets and international financial markets **Workshop III: Asynchronous and synchronous sessions** **Exercise sheet 3, Research presentations: 1, 2, 3, 4, 5, 6**	Mishkin, c
Week 11 Starting Nov. 30	Quantity theory of money, Keynesian and portfolio theories of money demand **Final presentations: groups 1, 2, 3.**	Mishkin, c
Week 12 Starting Dec. 7	Monetary policy, aggregate demand and the LS curve **Workshop IV: Asynchronous and synchronous sessions** **Exercise sheet 4, Final presentations: groups 1, 2, 3, 4, 5, 6.**	Mishkin, c
Week 13 Starting Dec. 14	**Reading Days** Extra asynchronous exercise sessions for small groups. Extra online sessions may be scheduled during this week.	
Week 14 **Last class and Final Examination**	**Test 3: Face-to-Face and synchronous session** The final exam will take place on Dec. 18th at 3:00 p.m. Earlier exam dates could be envisaged under special circumstances.	

Textbooks

Title	Author	Publisher	ISBN	Required
The Economics of Money, Banking and Financial Markets, 12th edition	Mishkin	Pearson	9781292268965	Yes

Attendance Policy

Covid-19 temporary amendments:

Students studying at The American University of Paris are still expected to attend ALL scheduled classes. Due to special circumstances related to the Covid-19 pandemic, students will have the option of attending some classes online either in a synchronous or asynchronous format. In general, students are expected to attend at least one class a week in a synchronous format by either being physically present or logged in via the TEAMS online platform during class. It is still the student's responsibility to be aware of any specific attendance policy that a faculty member might have set in the course syllabus.

ATTENDANCE POLICY:

Students studying at The American University of Paris are expected to attend ALL scheduled classes, and in case of absence, should contact their professors to explain the situation. It is the student's responsibility to be aware of any specific attendance policy that a faculty member might have set in the course syllabus. The French Department, for example, has its own attendance policy, and students are responsible for compliance. Academic Affairs will excuse an absence for students' participation in study trips related to their courses.

Attendance at all exams is mandatory.

IN ALL CASES OF MISSED COURSE MEETINGS, THE RESPONSIBILITY FOR COMMUNICATION WITH THE PROFESSOR, AND FOR ARRANGING TO MAKE UP MISSED WORK, RESTS SOLELY WITH THE STUDENT.

Whether an absence is excused or not is ALWAYS up to the discretion of the professor or the department. Unexcused absences can result in a low or failing participation grade. In the case of excessive absences, it is up to the professor or the department to decide if the student will receive an “F” for the course. An instructor may recommend that a student withdraw, if absences have made it impossible to continue in the course at a satisfactory level. Students must be mindful of this policy when making their travel arrangements, and *especially during the Drop/Add and Exam Periods.*

ENGLISH LANGUAGE PROFICIENCY STATEMENT: As an Anglophone university, The American University of Paris is strongly committed to effective English language mastery at the undergraduate level. Most courses require scholarly research and formal written and oral presentations in English, and AUP students are expected to strive to achieve excellence in these domains as part of their course work. To that end, professors include English proficiency among the criteria in student evaluation, often referring students to the university Writing Lab where they may obtain help on specific academic assignments. Proficiency in English is monitored at various points throughout the student's academic career, most notably during the admissions and advising processes, while the student is completing general education requirements, and during the accomplishment of degree program courses and senior theses.

Grading Policy

GRADING:

Participation	10%
Assignments, Workshops	20%
Test 1	15%
Test 2	15%
Research Paper / Book Review	20%
Final Examination	20%

Other