

ECONOMICS
Money and Banking
Fall 2024

Class meets MWF 11:00am to 12:00am Eastern Daylight Time (EDT) which changes to Eastern Standard Time (EST) in November.

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Office Location: 408 Giles Hall

Office Hours: MW: 12:00pm-1:30pm (EDT/EST) or by appointment.

Text: Frederic S. Mishkin, The Economics of Money, Banking, and Financial Markets, 12th edition, Pearson Press, 2019. Link to College Book Store is <https://www.bkstr.com/spelmanstore/shop/textbooks-and-course-materials> In addition to the text, a major supplementary source required is the Wall Street Journal newspaper which you would want to subscribe at the student rate. Other readings will be in the form of handouts.

Prerequisites: Prerequisites for this course are Economics 241 (Principles of Macroeconomics) and Economics 242 (Principles of Microeconomics). For the economics major, the course satisfies an economic elective.

Course Description: This course is primarily concerned with the institutional, theoretical and policy-related issues of the American monetary system, with some attention paid to global issues as they impact its operation. In this course, we will examine those institutions which supply money to the economy; we will study monetary theories; and we will evaluate monetary

policy as it is applied to macro/micro economic concerns. The course will also focus on issues that relate to black-owned American banks.

Behavioral Objectives

Upon the completion of this course the student will be able to:

1. demonstrate an understanding of money, time value of money, liquidity, and payment systems;
2. discuss financial instruments of the money and capital markets;
3. demonstrate an understanding of interest rate determination and explain the relationship between interest rates and bond prices;
4. explain the differences and similarities between depository and nondepository financial institutions;
5. discuss management philosophies of financial institutions that are impacted by asymmetric information issues;
6. explain the role of regulatory agencies of financial institutions;
7. demonstrate an understanding of how depository institutions impact the money supply and the economy;
8. explain the functions of the Federal Reserve System;
9. show how the Federal Reserve conducts monetary policy;
10. discuss the history of black-owned banks;
11. demonstrate an understanding of the contemporary operation of black-owned banks;

12. assess the role of banking and finance in the global economy and
13. write critical analyses and make oral presentations demonstrating logical arguments, clarity, precise articulation and creativity.

Course Structure and Format

This course is discussion-oriented where students are expected to come prepared to engage in lively discourse. Course activities will involve reading textbook chapters, class discussions, written and oral presentation of critiques, keeping up with current economic events by reading the Wall Street Journal newspaper, and exams.

Justification for Four Credits: This is a four-credit, three contact hour course. To justify the additional credit, the course is writing and reading intensive. Accordingly, in addition to text assignments the student will be assigned readings from an assortment of sources, especially the Wall Street Journal. She will be required to read the Wall Street Journal and come to class prepared to discuss current financial issues and relate these events to topics, concepts, theories, and principles that are found in the text. This assignment is designed to enhance the development of the student's critical and analytical thinking skills. The student will also use these readings to form the basis of four critiques involving written analyses on monetary or banking/financial issues. These critiques are to be typed, double-spaced, and comprise one and one-half to two pages each.

Furthermore, the course will include one module on the economics of banks owned and operated by blacks. Assigned readings for this module will involve some 10 to 12 articles of varying length, averaging five pages per article. As with the Wall Street Journal and text assignments, the student will be expected to come to class prepared to engage in class discussion.

All oral presentations will be evaluated for content, logical argument, clarity, articulation and creativity. The student will also take two exams and a cumulative final.

Course Grading: Your grade in the course will be determined as follows:

Two exams	50% or 25% each
4 written/oral critiques	20% or 5% each
Final Exam	30%

Extra Credit: Maximum of 3 points added to final average in the course for engaging in class discussion.

93-100 A	75-78 C+	
92-90 A-	69-74 C	
86-89 B+	65-68 C-	
83-85 B	60-64 D+	
79-82 B-	55-59 D	Below 55 F

Note: the above scale should be regarded as approximate as the instructor reserves the right to make adjustments in awarding final grades.

Critique Guidelines

In a coherent, concise manner

1. select and read an article from the Wall Street Journal;
2. summarize the article;
3. show how content of the article relates to economic theory;
4. identify underlying assumptions in the article and show how they relate to or deviate from those of economic theory;
5. take a position pro or con on the main idea in the article;

6. identify questions answered and relevant ones not addressed by the article and end with a succinct and concise conclusion;
7. make a two (2) minute presentation to the class and be open to questions/comments from your classmates; and
8. turn in a one and one-half to two page, typewritten, double-spaced copy of your presentation.

Makeup Policy for Exams and Assignments: There are absolutely no makeups for missed exams, written/oral critiques and other assignments. If a student misses any exam (including the final exam) without supplying in advance (or as soon as possible thereafter) a valid, documented excuse, she will receive an "F" on those exams.

Attendance Policy: For any student with more than five unexcused absences, I reserve the right to withdraw her from the class or lower her final average in the course by one letter grade. For students who have the habit of arriving after the class begins (late arrivals or tardy), I reserve the right to count late arrivals as absences (two late arrivals will constitute an absence). In the case of excessive lateness (ten minutes after class begins), I reserve the right to bar your entrance.

Academic Dishonesty Policy: I will abide by the statement on academic dishonesty as stated in the current Spelman College Bulletin.

Student Access Center: Any student who feels she may need an accommodation based on the impact of a disability should contact the Student Access Center at 404 223 7590 in MacVicar Hall to coordinate reasonable accommodations.

Student Success Program: The Spelman College Student Success Program is housed in the Milligan Building, 2nd Floor. This Program provides peer tutors for various subject areas, including Economics. The schedule of times

when peer tutors will be available can be acquired from the Program.

COURSE OUTLINE AND ASSIGNMENTS

[Note: You will be given one week notice for exams and critiques. All exams are close book and close notes]

Weeks Aug 21 - Aug 26

I. Introduction

A. An Overview of the Financial System

B. What is Money?

Assignment: Mishkin, chs. 2-3;

Weeks

Sept 2 - sept 30

II. Financial markets and institutions: Economic Analysis of Financial Structure

A. The Meaning of Interest Rates

B. The Behavior of Interest rates

C. The Risk and Term structure of Interest Rate

D. An Economic Analysis of Financial Structure

Assignment: Mishkin, chs 4-6 & 8

Exam #1

Weeks Oct 7 - Nov 4

III. Financial Institutions and Role of Central Bank

A. Banking and the Management of Financial Institutions

B. Economic Analysis of Financial Regulation

C. Banking Industry: Structure and Competition

D. Financial Crisis

E. Central Banks and the Federal Reserve System

Assignment: Mishkin, chs 9-13;

IV Black Banking

A. Development of Black Wealth

B. Freedmen=s Bank

C. Black-owned Banks

D. Role of Black Banks in the Economic Development of the
Black Community

Assignment: Various handouts; discussion post

Exam #2

Weeks Nov 11 - Nov 25

V. Central Banking and Monetary Policy

A. The Money Supply Process

B. Tools of Monetary Policy

Assignment: Mishkin, ch 14 and handout

READING PERIOD

FINAL EXAM AS OFFICIALLY SCHEDULED

NOTE: The syllabus provides a general plan for the course;
deviations may be necessary.

Select Bibliography

Mehrsa Baradaran, The Color of Money: Black Banks and the Racial Wealth Gap. Harvard University Press, 2017.

Andrew Brimmer, "The Black Banks: An assessment of Performance and Prospects," in Journal of Finance, May 1971, pp. 379-405.

Edward D. Irons, "Black Banking - Problems and Prospects," in Journal of Finance, May 1971, pp 407-425.

Williams D. Bradford, "Portfolio Behavior of Black-owned Commercial Banks," Journal of Finance, June 1980.

Timothy Bates, "An Analysis of the Portfolio Behavior of Black-owned Commercial Banks", in UCLA center for Afro-American Studies Minority Economic Development Series, 1978.

Williams Bradford, "Detailed Comparisons of Minority and Nonminority Banks", in UCLA center for Afro-American Studies Minority Economic Development Series, 1988.

A Black-owned Banks Facing Doubts About Their continued Usefulness@, ~~Wall Street Journal~~, Summer 1981.

Harold Black, M. Cary Collins and Ken Cyree, "Do Black Owned Banks Discriminate Against Black Borrowers," in Journal of Financial Services Research, 1997.

Gertrude W. Marlowe, A Right Worthy Grand Mission, Howard Univ. Press, 2003.

Shane White, S. Garton, S. Robertson, and Graham White, Playing the Numbers, Harvard Univ. Press, 2010.

A New York Uses Banks to Kick-Start Renaissance in Poorer Neighborhoods @, ~~Wall Street Journal~~, March 21, 2006.

A Uncovered Losses: Life Insurers = Race Bias in Decades Past Affects Policyholders Even Now @, ~~Wall Street Journal~~, Feb. 26, 2000.

~~A Redlining Law = s Reach May Expand @, Atlanta Journal-Constitution~~, March 30, 2008.

A Racial Gap Emerges in 401(K)s @, ~~Atlanta Journal-Constitution~~, Oct. 11, 2007.

Also, additional selected handouts.

