

McGill University
Department of Economics
Money, Banking and Government Policy (ECON302)
Fall 2023

Instructor Contact Information:

Dr. Lingling Zhang

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Twitter : @linglingzhang3 (Hashtag : #mge302)

Office: LEA434

Office hours: There are online and in-person instructor's office hours this semester. (Office hours will start on September 4th)

- Mondays 1:00pm-2:00pm: in-person office hours (LEA434).
- Fridays 9:00am-10:00am: **online** office hours (the links will be posted on MyCourses).
- Extra office hours will be offered before and after exams for reviews. Time is TBA and will be posted on MyCourses.

Regular classes:

Times: Mondays and Wednesdays 11:35am-12:55pm

Room: LEA 26

All classes will be offered in-person and will be automatically recorded if the room is well equipped.

Note that the instructor is not responsible for any recording technical problems. Recordings will be posted on MyCourses and will serve as a complement to the lectures only. Attending classes is highly recommended. Please be aware that providing an equal online version of this course is not allowed at McGill.

Teaching Assistants

Meilin Tong	meilin.tong@mcgill.ca
Chau Tran	chau.tran@mail.mcgill.ca

TA office hours and conference sessions: TBA

The TA conferences and office hours schedules will be posted on MyCourses as soon as they become available.

Course Overview: This course is designed to introduce the fundamental principles of monetary and financial economies, management and internal governance of banks, policy design and banking regulations. The contents include interest rates, money demand and supply, new trends and development in banking, role and functions of the central bank, role of financial institutions, currency war, financial crisis, etc. The objective is to help students to build on analytical skills using methodologies, such as basic algebra and graphical analysis, institutional analysis, and case studies to solve real world economic problems.

Textbook: Mishkin, F.S. and A. Serletis, *The Economics of Money, Banking, and Financial Markets*, Canadian Edition, 8/E, MyEconlab with Pearson eText---Instant Access---Access card package

ISBN 9780137492800 - Money, Banking & Government Policy Economics of Money, Banking, and Financial Markets, The, Canadian Edition -- MyLab Economics with Pearson eText – Mishkin & Serletis – 8th ed.

The textbook is optional. If you have any technical problems or questions regarding MyLab or the book, please contact Pearson customer service which is available 24/7. The instructor will not have any access to provide you such support. Any email regarding the above to the instructor will not be replied.

Course Evaluation:

Midterm Exam40%
Final examination60%

Examinations: There will be two exams. All exams are in-person exams.

Midterm Exam is scheduled on **Oct. 30th, 2023 in the regular classroom during class time.**

There will be no deferred exam for the midterm exam.

Final exam will be scheduled by the university during the final exam period.

There will be a supplemental examination which will be worth 100% of your final grade.

McGill University values academic integrity. Therefore, all students must understand the meaning and consequences of cheating, plagiarism and other academic offences under the Code of Student Conduct and Disciplinary Procedures (see www.mcgill.ca/students/srr/honest/ for more information).

In accord with McGill University's Charter of Students' Rights, students in this course have the right to submit in English or in French any written work that is to be graded.

Readings: You are encouraged to read the Wall Street Journal and the Financial Times. I will choose several articles from these two journals, and we will discuss them in our classes. Other assigned readings will be posted on MyCourses.

COURSE OUTLINE

I. Introduction

1. Why study Money, Banking, and Financial Markets
 2. An Overview of the Financial System
 3. What is Money?
 4. The Demand for Money
 5. Case study: Cryptocurrency
- Readings: Chapter 1, 2, 3 & 20

II. Financial Markets (The Bonds market)

1. The Meaning of Interest Rates
2. The Behavior of Interest Rates
3. The risk and term structure of interest rates

Readings: Chapter 4, 5, 6.

III. Central Banking and the Conduct of Monetary Policy

1. Central Banks
 2. The Money Supply Process
 3. Tools of Monetary Policy
 4. The Conduct of Monetary Policy
 5. Case study: The Currency War
- Readings: Chapter 14, 15, 16, & 17.

IV. Monetary Theory

1. The quantity theory of money
 2. Monetary Policy Theory
 3. The Role of Expectations in Monetary Policy
 4. Transmission Mechanisms in Monetary Policy
- Readings: Chapter 20, 24, 25, & 26

V. International Finance and Currency Attacks

1. The Foreign Exchange Market and the International financial System
 2. Currency attacks
 3. Online experiment: Currency attack
 4. Case study: The Currency Attack in Hong Kong in 1999.
- Readings: Chapter 18 & 19.