

Korea University  
**IIE 301 - Money & Banking**  
Summer 2009

Instructor: Kerk L. Phillips  
Class Time & Classroom: 10:50 – 12:30 309 WooDang Hall  
2:30 – 4:10 311 WooDang Hall  
Office Hours: 1:30 – 2:30 310 WooDang Hall  
Email: kerk\_phillips@byu.edu

Course Description:

This is a course on money and basics of financial intermediation. It is assumed that students have already taken a class in principles of economics and are familiar with the basics of economic reasoning. This means **you should have completed either a one-semester course in *Principles of Economics* or a two-semester sequence in *Principles of Microeconomics and Macroeconomics***. Students should **NOT** take this class if they are currently enrolled in *Principles of Microeconomics* (IIE 202) or *Principles of Macroeconomics* (IIE 203).

We will study the role of money and financial markets in modern market-oriented economies. We will examine the unique roles played by banks and other financial intermediaries as well as the role of organized markets for financial assets, such as the stock and bond markets. We will examine the role of the central bank or monetary authority both as a regulator and as the ultimate controller of a nation's money supply. We will consider the potential role that monetary policy plays in economic stability and the interaction it has with exchange rate policy. A familiarity with calculus and basic statistics is an advantage in this class, but is not a hard prerequisite. Students should be familiar and comfortable with algebra.

Required Text & Electronic Resources:

- *The Economics of Money, Banking, and Financial Markets* 8<sup>th</sup> ed., Mishkin, Addison-Wesley, ISBN 0321415051
- Electronic subscription to MyEconLab at <http://www.coursecompass.com>.

The course ID is phillips44855 - IIE 301 Korea University 2009. You may purchase a hard copy of the text on your own and buy a subscription to MyEconLab for \$40. For \$70 you may purchase the subscription AND access to an electronic version of the text via the same website. You may pay online with a credit card.

Grading will be on a curve with the following weights:

Homework	30%
Final	70%

Lectures:

Lectures will be used to discuss new ideas and concepts. Read the assignments from the reading list **before** each lecture. You should plan on attending every lecture, however roll will not be taken. You are responsible for the material presented in the lectures regardless of whether you were in attendance or not and regardless of whether the lecture material is covered in the text or not. When in class turn off all extraneous electronic devices (such as cell phones) and refrain from speaking above a whisper. It is rude and distracting to carry on a conversation in a normal voice when the instructor is teaching. If you are speaking loudly you will be asked to leave. Plan on attending the full lecture. Be in class on time and leave only when the lecture is over. If an emergency requires a late entry or early departure, please do so quietly and in a way that does not interfere with other students learning.

Homework:

You will be required to do homework assignment online through MyEconLab/CourseCompass as described above. The homework is closely linked to the chapters in the text. Homework will be due at the end of the week's lectures and will be on chapters we have covered during the week. This means three to four homeworks per week. With the exception of week six, all homework must be completed online by 11:45 p.m. on Thursday. For week three the deadline is on Tuesday night because of the final the next day. I will discard the 3 lowest percentage scores when calculating your homework average for final grades. This will allow you to miss 3 homework assignments without any need for an explanation. While the homework is due on Thursday, it is best to do the homework for each chapter on the day it is covered in class.

Final Exam:

The final will be closed book & closed notes. It will consist of multiple choice and short answer (one or two word) questions. No early or late exams will be given. ***Make your travel, internship, and other plans well in advance; do not miss the exam for any reason.*** In the event of an unavoidable emergency (i.e. an illness or death in the family) you may be able to make up an exam or have it waived. However, you will need to present reliable documentary evidence to corroborate your reason for being absent. Please note that Korea University treats cheating on the final exam as a level three violation of the student code of conduct and carries serious consequences that may affect your academic career here at Korea University and your home institution. I take cheating on exams very seriously and will refer all cases to the appropriate authorities here and at your home university. Please avoid a great deal of grief for yourself and for me and simply do not cheat on exams.

Schedule of Topics

<b>Date</b>		<b>Topic</b>	<b>chapter</b>
6/30	Tue	Introduction & Overview	1 & 2
7/1	Wed	Understanding Money	3
7/2	Thu	Interest Rates	4
7/6	Mon	Interest Rates, cont'd	5
7/7	Tue	Interest Rates, cont'd	6
7/8	Wed	Interest Rates, cont'd	7
7/9	Thu	Central Bank Organization	12
7/13	Mon	Creation of Money	13
7/14	Tue	Money Supply	14
7/15	Wed	Monetary Policy Tools	15
7/16	Thu	Monetary Policy Goals	16
7/20	Mon	Foreign Exchange Markets	17
7/21	Tue	The International Financial System	18
7/22	Wed	International Financial System, cont'd	
7/23	Thu	IS-LM	handout
7/27	Mon	Monetary & Fiscal Policy	handout
7/28	Tue	AS-AD	handout
7/29	Wed	AS-AD cont'd	handout
7/30	Thu	Money & Inflation	24
8/3	Mon	Rational Expectations	25
8/4	Tue	Review	
8/5	Wed	<b>Final Exam</b>	
8/6	Thu	Return Exams and Review Answers	

**Online Resources:**

Registration instructions - [http://www.coursecompass.com/html/student\\_registration\\_help.html](http://www.coursecompass.com/html/student_registration_help.html)

My BYU page for this class - <http://econ.byu.edu/Faculty/phillips/IIE301.dhtml>

KU's ISC Intranet - <http://iie.korea.ac.kr/intranet/>