

CHAMINADE UNIVERSITY
Money and Capital Markets (MBA 780), Hybrid
Fall 2010

INSTRUCTOR: Dr. Gholam Khaleghi
OFFICE HOURS: By Appointment

Thursday: 05:45PM
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COURSE DESCRIPTION

The central theme of this course is the study of money: its nature, its function in society, its role in the economy. Representative units include; commercial banking; tools of central banking (the Fed) and credit/debt management and its impact on regulation. Relation of monetary system to price level, employment and income, nature and functions of money and banking, role of money in international trade and inflation. Later, the focus will be on critical analysis of quantity theory, national income theory, balance of payments, income, price level, and exchange rate determination, international capital movements, reserves, and current monetary problems. Finally, the course examines the advanced topics in money demand and supply at micro – and macro –levels, theory and empirical evidence, transmission mechanisms, dynamics of adjustments to money market disequilibria, advanced topics in monetary policy for closed and open economies. Emphasis will be placed on writing, problem-solving, critical thinking and abstract reasoning.

COURSE OBJECTIVES

1. The student will understand some basic concepts from principles of macroeconomics. Those concepts include the definition, measurement, and biases in measurement of economic output (GDP), price stability (CPI, GDP Deflator), foreign exchange rate and unemployment.
2. The student will understand "the interest rate" and what factors influence the interest rate.
3. The student will understand exchange rates, the factors that influence the movement of exchange rates, and the relationship between the interest rate and the exchange rate.
4. The student will understand the role of financial markets & financial institutions in the economy.
5. The student will understand the structure of the U.S. banking industry, the regulations that govern the operation of banks, and the balance sheet activities of commercial banks.
6. The student will understand the structure and role of the Federal Reserve System in the U.S. economy. e.g. how the Fed implements monetary policy.
7. The student will understand the basic differences between the Monetarists and the Keynesians and how these differences lead to various conclusions.

THE LEARNING SYSTEM

- a. TEXTBOOK: The Economics of Money, Banking and Financial Markets, Frederic S. Mishkin, 8th Edition, 2007, Published by:
<http://www.pearsonhighered.com/educator/academic/product/1,3110,0321415051,00.html>
- b. Federal Reserve Bank Publications, The Wall Street Journal; The Economist; Asian Wall Street Journal; and Far Eastern Economic Review.
- c. Lecture notes.
- d. Written assignment.

COURSE OUTLINE*

Week 01, Campus Oct. 04 – Oct. 10	Ch. 03 – What is Money? Ch. 04 – Understanding Interest Rates Ch. 05 – The Behavior of Interest Rates
Week 02, Campus Oct. 11 – Oct. 17	Ch 09 – Banking and the Management of Financial Institutions Ch 10 – Banking Industry: Structure and Competition Ch 11 – Economic Analysis of Banking Regulation
Week 03, Campus Oct. 18 – Oct. 24	Ch 12 – Nonbank Finance Ch 17 – Tools of Monetary Policy Ch 18 – Conduct of Monetary Policy Review for Exam
Week 04, Campus Oct. 25 – Oct. 31	Exam Weekly Discussion: Money as Debt
Week 05, Online Nov. 01 – Nov. 07	Weekly Discussion: Money, Banking and the Federal Reserve
Week 06, Online Nov. 08 – Nov. 14	Weekly Discussion: Financial Services: Prospects for Future
Week 07, Online Nov. 15 – Nov. 21	Weekly Discussion: Free Fall by Joseph Stiglitz
Week 08, Online Nov. 22 – Nov. 28	Weekly Discussion: The New Paradigm for Financial Markets
Week 09, Online Nov. 29 – Dec. 05	Weekly Discussion: The Impact of Foreign Debt
Week 10, Online Dec. 06 – Dec. 12	Work on Term Paper

* Subject to change.

Online Discussion:

The very first message from your instructor posted on the weekly Discussion Board will list all the online activities required for that week along with the deadlines. Usually, you'll have articles to read and/or video clips to watch. Then, you will post your comments or answers to questions on **Doc.Sharing**.

I will facilitate the course discussion every week by posting video clips, articles and/or discussion questions. You will be graded based on your weekly answers and comments. The purpose of the discussion is to promote and encourage the exchange of ideas among students. Each article is available Monday, 12:30am through the following Sunday, 11:00am (Hawaii Standard Time). **You will be receiving feedback on Grading Tab within 48 hours after the due date.**

Make sure that your comments contribute to the class discussion. (You can use Private Mail for your personal conversations/social chat with classmates). Your comment or response to your classmates will be evaluated based on the quality of arguments used in it. "I agree", "Cool stuff!" remarks are not considered valuable contribution to the discussion and will not be graded. You can certainly cheer your classmates but do not expect to receive any points for participation based solely on those "Way to go!" type postings.

When you post messages online, follow the basic principles of netiquette - rules for communicating online. [Click on this link to read more about those.](#)

As your instructor, I'll be facilitating course discussion. I'll post discussion questions, answer any of your questions, and comment on some but not every message posted on the discussion board. The purpose of the discussion is to promote and encourage the exchange of ideas between students.

Term Paper:

Students are required to write (2500 – 7000 words) term paper about a topic of their choice related to money and financial markets. Please select a topic for your project that can help you in the future within the financial industry. The following is a list of topics from which you may choose is, or you may choose your own topic, subject to the instructor's approval:

Suggested Paper Topics

1. Has Federal Reserve policy changed significantly from one Fed chairman to another?
2. Are bank loans still important in the monetary policy transmission mechanism?
3. Can an interest rate variable be a good indicator of monetary policy?
4. Explain the Federal Reserve's actions in the most recent recession (2008-2010)
5. Has Federal Reserve policy changed significantly in the presidential election years? Compare 1980, 1988, 1992, and 2008
6. What is the consensus (if indeed there is one) regarding the 1979 major policy change? Was it necessary? Was it effective? Was it a kind of policy ploy used to achieve some other end?
7. Compare the monetary causes of the Great Depression with those of subsequent recessions, most notably the recession of 2008-2010.
8. Examine how the financial markets and Federal Reserve actions may have been affected by the political developments.
9. S&L crisis: effects on the banking industry and overall economy.
10. Budget deficit problem, effects on the U.S. economy.
11. Other topics, subject to approval.

Please provide data to put the issue in context and to support your recommendation. References should appear on the last page.

Term Paper Guideline:

- a. Each student is given the opportunity to select a topic. Students should post the topic of their choice on the **eCollege no later than Oct. 20** . No duplication of any topic is permitted. If two students express interest in the same topic, then two students can work on the same topic. No posting after Oct. 20 is valid.

- b. For your term paper to be graded, it must be posted on time not less than the number of minimum words assigned. Late posting will receive no credit because students have about 2 months to complete their project.
- c. Emphasis is on your thought processes and your ability to convey these thoughts with lucidity and coherence. Remember that polished writing is most often achieved only after a great deal of rewriting, editing, and revision. Grades reflect the quality of both the content and the presentation of your writing.
- d. Students are expected to concentrate not only on the content of the paper, but also major features of writing such as focus, logic, organization, and support and development of ideas. Students should proofread for any grammatical, punctuation, and spelling errors.
- e. I have access to Turnitin program which scan for plagiarism. Proof of plagiarism will earn students an "F" for the course. If you cannot resist including some of the author's words because of his/her clarity of expression, then put the passage in quotation marks, and include appropriate citations.

**Term Paper eCollege Doc Sharing Posting Deadline :=>
Dec. 03, 2010**

GRADING

GRADING PROGRESS RECORD

	Total Possible Points	Your Points
Weekly Discussion	5	1.____
	5	2.____
	5	3.____
	5	4.____
	5	5.____
	5	6.____

Total Points for Discussion	30	
Exam	40	1.____
Term Paper	30	1.____
Total Possible Points for All Activities	100	

Final grades will be based on the total points accumulated.
100-90=A; 89-80=B; 79-70=C; 69-60=D; Less than 60=F.