A. Introduction

Well-functioning monetary and financial institutions are essential for a modern economy. This course will examine roles and responsibilities of various monetary and financial institutions, and the underlying economic theories that guide them. The course will also discuss how individuals and institutions can manage risk, and how these institutions influence the long-term economic growth using the aggregate demand-aggregate supply framework.

B. Prerequisites and Preclusions

ECON 1000 or FYSM 1003. If you believe that you have an equivalent background or have taken similar courses from another university, please provide appropriate documentation to the Department of Economics Undergraduate Administrator, Amanda Wright.

C. Required Texts


D. Recommended Websites

Bank of Canada: www.bankofcanada.ca
Department of Finance: www.fin.gc.ca
Canada Deposit Insurance Corporation (CDIC): www.cdic.ca
The IMF: www.imf.org
Statistics Canada: www.statcan.gc.ca

E. Evaluation

The final grade in the course will be determined as follows:

- Participation and online quizzes: 10%
- 3 Assignments: 20%
- Midterm-examination: 30% - February 27, 2018.
- Final Examination: 40% scheduled by the University between April 14-26, 2018.
Students who can document a compelling reason for missing the mid-term exam will be excused and their final grade will be based on their performance in the rest of the course. Students must inform the instructor of such an absence in advance, if possible.

F. Satisfactory Performance Criteria

Students must fulfil all of the preceding course requirements in order to achieve a passing grade (D- or higher). Failure to write the final examination when the student has achieved satisfactory performance during the term will result in a grade of ‘F’ until an appeal to write the deferred final exam in June 2018 is granted. A change of grade will be submitted when the deferred final exam has been written and the marks are available. See Academic Regulation 2.3 for the official meanings of the grades, and note that it stipulates that no course grades are final until approved by the Faculty Dean. Note also that course grades may be scaled upwards or downwards in a rank-preserving manner to better fit the relevant departmental distributional norm. Application to write a deferred final examination must be made at the Registrar’s Office in writing no later than three working days after the original final examination.

G. Course Sharing Websites

Please note that student or professor materials created for this course (including presentations and posted notes, labs, case studies, assignments and exams) remain the intellectual property of the author(s). They are intended for personal use and may not be reproduced or redistributed without prior written consent of the author(s).

H. Academic Accommodation Requests

Students with disabilities requiring academic accommodations in the course need to contact a coordinator at the Paul Menton Centre to complete the necessary letters of accommodation. After registering with the PMC, students must make an appointment to meet and discuss their needs with the instructor at least two weeks prior to the first mid-term examination. Please note that the deadline for submitting completed forms to the PMC for formally scheduled exam accommodations is March 9, 2018. For religious as well as special needs such as pregnancy, students should consult the instructor and equity services (ext. 5622 or www.carleton.ca/equity).

I. Statement on Plagiarism

Please be aware that plagiarism is a serious offence at Carleton and should be recognized and avoided. For example, simply copying someone’s assignment whether in whole or in part can be considered as plagiarism. For further information on how to do so, please see “Pammett on Plagiarism and Paraphrasing” at www.carleton.ca/economics/courses/writing-preliminaries.

J. Course Outline

Chapter 1: An Introduction to Money and the Financial System
Chapter 2: Money and the Payments System
Chapter 3: Financial Instruments, Financial Markets, and Financial Institutions
Chapter 4: Future Value, Present Value, and Interest Rates
Chapter 5: Understanding Risk
Chapter 6: Bonds, Bond Prices, and the Determination of Interest Rates
Chapter 8: Stocks, Stock Markets, and Market Efficiency
Chapter 10: Foreign Exchange
Chapter 11: The Economics of Financial Intermediation
Chapter 18: Monetary Policy: Stabilizing the Domestic Economy
Chapter 19: Exchange-Rate Policy and the Central Bank
Chapter 20: Money Growth, Money Demand, and Modern Monetary Policy
Chapter 21: Output, Inflation, and Monetary Policy
Chapter 22: Understanding Business Cycle Fluctuations