Part One  
  
How to Use the  
Instructor’s Manual  
and Other Textbook Ancillaries

Organization of the Instructor’s Manual

To help instructors cope with the increased demands for good teaching in recent years, *The Economics of Money, Banking, and Financial Markets,*Eleventh Edition, includes the most comprehensive package of supplementary materials of any money, banking, and financial markets textbook. As part of these supplemental materials, I have designed the Instructor’s Manual to help save you time in preparing class materials, such as class outlines, solutions to homework problems, lecture notes, and overhead transparencies.

This Instructor’s Manual is divided into four parts. Part One discusses how to use the Instructor’s Manual and the other textbook ancillaries to make your teaching of the money and banking course both more effective and less time-consuming. Part Two contains an overview of all the textbook chapters along with teaching tips that I have found effective. Part Three contains the answers to the end-of-chapter problems for use by the instructor to prepare solution sets for the problems he or she assigns to the students as problem sets. Part Four contains transparency masters of chapter outlines, which can be used either to make overhead transparencies for use in class or to make handouts for the students.

To obtain any of the available ancillaries, adopters of the text just need to get in touch with their   
Pearson sales representative, or alternatively they can visit the Instructor’s Resource Center at www.pearsonhighered.com/irc.

Alternative Course Outlines

There are many different ways to teach a course on money, banking, and financial markets. For this reason, the material in *The Economics of Money, Banking, and Financial Markets,*EleventhEdition, hasbeen arrangedwith flexibility in mind, so that many teaching styles can be accommodated. The following sections suggestsample outlines for four main approaches to teaching money, banking, and financial markets, showing how the text can be adapted to each approach, as well as to quarter and semester teaching schedules. Note, however, that many variations on these outlines are possible.

* Outline for General Money and Banking Course

Core Chapters

Chapter No. Chapter Title

1 Why Study Money, Banking, and Financial Markets?

2 An Overview of the Financial System

3 What Is Money?

4 Understanding Interest Rates

5 The Behavior of Interest Rates

9 Banking and the Management of Financial Institutions

10 Economic Analysis of Financial Regulation

11 Banking Industry: Structure and Competition

12 Financial Crises

13 Central Banks and the Federal Reserve System

15 Tools of Monetary Policy

16 The Conduct of Monetary Policy: Strategy and Tactics

22 Aggregate Demand and Supply Analysis

23 Monetary Policy Theory

*For a one-semester course, cover any five of the following optional chapters:*

Chapter No. Chapter Title

6 The Risk and Term Structure of Interest Rates

7 The Stock Market, the Theory of Rational Expectations, and theEfficient Market

Hypothesis

8 An Economic Analysis of Financial Structure

14 The Money Supply Process

17 The Foreign Exchange Market

18 The International Financial System

19 Quantity Theory, Inflation, and the Demand for Money

20 The *IS*Curve

21 The Monetary Policy and Aggregate Demand Curves

24 The Role of Expectations in Monetary Policy

25 Transmission Mechanisms of Monetary Policy

*A one-quarter course would probably only include one or two of the optional chapters unless some of the chapters on central banking and the conduct of monetary policy (Chapters 13, 15, and 16) were deleted.*

* **Outline for General Money and Banking Coursewith an International Emphasis**

Core Chapters

Chapter No. Chapter Title

1 Why Study Money, Banking, and Financial Markets?

2 An Overview of the Financial System

3 What Is Money?

4 Understanding Interest Rates

5 The Behavior of Interest Rates

9 Banking and the Management of Financial Institutions

10 Economic Analysis of Financial Regulation

11 Banking Industry: Structure and Competition

12 Financial Crises13. Central Banks and the Federal Reserve System

15 Tools of Monetary Policy

16 The Conduct of Monetary Policy: Strategy and Tactics

17 The Foreign Exchange Market

18 The International Financial System

22 Aggregate Demand and Supply Analysis

23 Monetary Policy Theory

*For a one-semester course, cover any three of the following optional chapters:*

Chapter No. Chapter Title

6 The Risk and Term Structure of Interest Rates

7 The Stock Market, the Theory of Rational Expectations, and theEfficient Market

Hypothesis

8 An Economic Analysis of Financial Structure

14 The Money Supply Process

19 Quantity Theory, Inflation, and the Demand for Money

20 The *IS* Curve

21 The Monetary Policy and Aggregate Demand Curves

24 The Role of Expectations in Monetary Policy

25 Transmission Mechanisms of Monetary Policy

*A one-quarter course would probably not include any other chapters unless some of the chapters on central banking and the conduct of monetary policy (Chapters 13, 15, and 16) were deleted.*

* **Outline for Financial Markets and Institutions Course**

Core Chapters

Chapter No. Chapter Title

1 Why Study Money, Banking, and Financial Markets?

2 An Overview of the Financial System

3 What Is Money?

4 Understanding Interest Rates

5 The Behavior of Interest Rates

6 The Risk and Term Structure of Interest Rates

7 The Stock Market, the Theory of Rational Expectations, and theEfficient Market

Hypothesis

8 An Economic Analysis of Financial Structure

9 Banking and the Management of Financial Institutions

10 Economic Analysis of Financial Regulation

11 Banking Industry: Structure and Competition

12 Financial Crises

*For a one-semester course, cover any seven of the following optional chapters:*

Chapter No. Chapter Title

13 Central Banks and the Federal Reserve System

14 The Money Supply Process

15 Tools of Monetary Policy

16 The Conduct of Monetary Policy: Strategy and Tactics

17 The Foreign Exchange Market

18 The International Financial System

19 Quantity Theory, Inflation, and the Demand for Money

20 The *IS* Curve

21 The Monetary Policy and Aggregate Demand Curves

22 Aggregate Demand and Supply Analysis

23 Monetary Policy Theory

24 The Role of Expectations in Monetary Policy

25 Transmission Mechanisms of Monetary Policy

*A one-quarter course would probably only include one or two of the optional chapters.*

* **Outline for Monetary Theory and Policy Course**

Core Chapters

Chapter No. Chapter Title

1 Why Study Money, Banking, and Financial Markets?

2 An Overview of the Financial System

3 What Is Money?

4 Understanding Interest Rates

5 The Behavior of Interest Rates

13 Central Banks and the Federal Reserve System

14 The Money Supply Process

15 Tools of Monetary Policy

16 The Conduct of Monetary Policy: Strategy and Tactics

19 Quantity Theory, Inflation, and the Demand for Money

20 The *IS* Curve

21 The Monetary Policy and Aggregate Demand Curves

22. Aggregate Demand and Supply Analysis

23 Monetary Policy Theory

24 The Role of Expectations in Monetary Policy

*For a one-semester course, cover any four of the following optional chapters:*

Chapter No. Chapter Title

6 The Risk and Term Structure of Interest Rates

7 The Stock Market, the Theory of Rational Expectations, and theEfficient Market

Hypothesis

8 An Economic Analysis of Financial Structure

9 Financial Crises

10 Banking and the Management of Financial Institutions

11 Economic Analysis of Financial Regulation

12 Banking Industry: Structure and Competition

17 The Foreign Exchange Market

18 The International Financial System

25 Transmission Mechanisms of Monetary Policy

*A one-quarter course would probably only include one or two of the optional chapters.*

**Overviews of the Textbook Chapters**

and Teaching Tips

I have been teaching money and banking now for over thirty years. The overviews and teaching tips in Part Two of the Instructor’s Manual are intended to share with you some of my experiences in the classroom with teaching the material in the textbook. The overview and teaching tips for each chapter provide a brief description of the contents of the chapter, discuss the novel features of the chapter, indicate what central points need to be transmitted to the student, suggest teaching tips that I have found useful in class, and provide guidance as to what material can easily be skipped in each chapter.

Answers to End-of-Chapter Problems

Part Three of the Instructor’s Manual contains the answers to end-of-chapter problems. Some of these questions require students to look up current data, and in these cases no answers are given; however, for the rest of the questions, the answers are quite complete.

Many instructors will use the end-of-chapter questions for homework assignments, as I do. I have found it useful to hand out answers to the questions provided in Part Three to the students as solutions sets after they have completed their assignments; they find them to be an invaluable study aid. Making up these solution sets for reproduction should be quite easy, either by cutting and pasting from Part Three or downloading the files from the Instructor’s Resource Center at www.pearsonhighered.com/irc.