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MBA精选教材·英文影印版

THE ECONOMICS OF MONEY, BANKING  
AND FINANCIAL MARKETS

[第8版]

# 货币、银行和 金融市场经济学

[美] Frederic S. Mishkin 著



北京大学出版社  
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PEARSON  
Education

◎建立了一个统一的分析框架，即用基本的经济学原理帮助学生理解金融市场结构、外汇市场、金融机构管理和货币政策在经济中的作用等问题。

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◎以应用为导向，运用“金融新闻摘录”和“应用”等专栏来引导学生阅读财经报刊，激发学生将理论应用于实际的兴趣。

◎第8版增加了有关利益冲突的内容；丰富了关于股票市场的内容；增加了讨论当前货币理论和货币政策的新内容；进一步聚焦中国；增加了关于货币理论与货币政策的新内容；采用了更为简化的外汇市场需求和供给分析框架。

**畅销性：**本书是美国最为畅销的货币金融学教材。作者Mishkin教授具有丰富的金融研究及咨询经验，他的书被誉为金融学宝典，并在全世界出版发行。

**适用性：**适合作为本科生、MBA的货币银行学、金融学、金融市场学等课程的教材，也可作为希望了解金融学知识的读者的参考读物。

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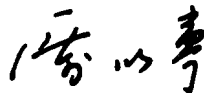
## · 院长寄语 ·

北京大学光华管理学院秉承北大悠久的人文传统、深邃的学术思想和深厚的文化底蕴,经过多年努力,目前已经站在中国经济发展与企业管理研究的前列,以向社会提供具有国际水准的管理教育为己任,并致力于帮助国有企业、混合所有制企业和民营企业实现经营管理的现代化,以适应经济全球化趋势。

光华 MBA 项目旨在为那些有才华的学员提供国际水准的管理教育,为工商界培养熟悉现代管理理念、原理和技巧的高级经营管理人才,使我们的 MBA 项目成为企业发展壮大之源,为学员创造迅速成长和充分发挥优势的条件和机会。

为了适应现代人才需求模式和建立中国的一流商学院,同时也为了配合北大 MBA 教育工作的展开,光华管理学院与北京大学出版社联合推出本套《MBA 精选教材·英文影印版》,并向国内各兄弟院校及工商界人士推荐本套丛书。相信我们这些尝试将会得到社会的支持。而社会对我们的支持,一定会使光华 MBA 项目越办越好,越办越有特色。

北京大学光华管理学院名誉院长



## 出版者序言

自 2001 年 12 月加入世界贸易组织以来,中国进一步加强了与世界各国的政治、经济、文化各方面的交流与合作,这一切都注定中国将在未来世界经济发展中书写重要的一笔。

然而,中国经济的发展正面临着前所未有的人才考验,在许多领域都面临着人才匮乏的问题,特别是了解国际贸易规则、能够适应国际竞争需要的国际管理人才,更是中国在未来国际竞争中取胜的决定性因素。因此,制定和实施人才战略,培养大批优秀人才,是我们在新一轮国际竞争中赢得主动的关键。

工商管理硕士(MBA)1910年首创于美国哈佛大学,随后MBA教育历经百年风雨不断完善,取得了令世人瞩目的成绩。如今,美国MBA教育已经为世界企业界所熟知,得到社会的广泛承认和高度评价。MBA教育在我国虽起步较晚,但在过去十余年里,我国的MBA教育事业发展非常迅速,也取得了相当显著的成绩。

目前,国内的MBA教育市场呈现一片繁荣景象,但繁荣的背后却隐藏着种种亟待解决的问题。其中一个就是教材的问题。目前,国内市场上国外引进版教材在一定程度上还存在新旧好坏参差不齐的现象,这就需要读者在使用引进版教材时进行仔细的甄别。

北京大学出版社推出的《MBA精选教材·英文影印版》弥补了国内MBA教材市场的缺憾,给国内MBA教材市场注入了一股新鲜的血液。全套丛书基本覆盖了北京大学MBA的主修课程,包括:管理学、营销学、战略管理、管理信息系统、运作管理、人力资源管理、商务沟通、国际金融、金融管理、决策分析、货币银行学、会计学等。另外,在十几门主课的基础上又增加了几门高级选修课程,包括:国际会计学、组织行为学、投资学、商务学、财务报表解析、管理会计、管理沟通、商业伦理学、企业家精神等。

本套丛书的筛选大体上本着以下几点原则:(1)出“新”。克服以往教材知识陈旧、落后的弊端,大部分教材都与国外原版书同步出版。(2)出“好”。本套丛书收入了美国哈佛大学、斯坦福大学、麻省理工学院等著名院校所采用的教材,如《管理学基础》、《营销管理架构》、《管理信息系统》、《人力资源管理》、《财务会计》、《管理会计》、《面向管理的数量分析》等;本套丛书还收入了著名学术界宗师包括斯蒂芬·罗宾斯(《管理学基础》)、菲利普·科特勒(《营销管理架构》)、查尔斯·亨格瑞(《财务会计》、《管理会计》)等人的学术巨著。(3)出“精”。大多数教材都是再版多次,经过不断的修改和完善而成的。

本套《MBA精选教材·英文影印版》集合了美国经济学界和管理学界各个学科领域专家的权威巨著,该丛书经过北京大学光华管理学院及其他著名高校知名学者的精心选编,包括了大量精深的理论指导和丰富的教学案例,真正称得上是一套优中选精的MBA教材。

### 致谢

本套教材是我社与国外一流专业出版公司合作出版的,是从大量外版教材中选出的最优秀的一部分。在选书的过程中我们得到了很多专家学者的支持和帮助,可以说每一本书都经过处于教学一线的专家、学者们的精心审定,北京大学出版社英文影印版教材的顺利出版离不开他们

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北京大学光华管理学院:符国群、李东、梁钧平、陆正飞、王建国、王其文、杨岳全、于鸿君、  
张国有、张圣平、张志学、朱善利

中央财经大学会计系:孟焰

本套丛书的顺利出版还得到了培生教育出版集团(Pearson Education)北京办事处的大力支持,对他们的付出我们也致以深深的谢意。

## 教 辅 材 料 说 明

教材,顾名思义教学之材料,它和普通的书籍有一个很大的区别,就是必须“方便教师教学”。所以,好的教材更需有完备的教学辅助材料相匹配,且每一本教材都要有教辅材料,只有配备了齐全的辅助材料才能称其为完整的教材。《MBA 精选教材·英文影印版》系北京大学出版社获全球最大的教育出版集团——美国培生教育出版集团(Pearson Education)独家授权之英文影印版本。培生教育出版集团旗下的国际知名教育图书出版公司 Prentice Hall/Addison Wesley/Longman 出版的高品质的经济管理类出版物,已成为全美乃至全球高校采用率最高的教材,享誉全球教育界、工商界。我社在选择此套教材的过程中,尽量选择了教辅材料齐全的教材,这些教辅材料包括:教学指导用书、教学提纲、测试题、解答题、课堂演示文稿等,以书、幻灯片、CD、CD-ROM 等形式出现。同时,这些材料还可通过访问培生教育出版集团的相关网址:<http://www.pearsonhighered.com/educator> 免费下载。

欲获得相关教辅材料的教师烦请填写每本书后面所附的《教辅申请表》,以确保此教辅材料仅为教师获得。

## 出 版 声 明

本套丛书是对国外原版教材的直接影印,由于各个国家政治、经济、文化背景的不同,原书中出版者和作者所持观点及结论尚需商榷,请广大读者在阅读过程中加以认真分析和鉴别。我们希望本套丛书的出版能够促进中外文化学术交流,推进国内经济与管理专业的教学,为中国经济走向世界作出一份贡献。

我们欢迎所有关心中国 MBA 教育的专家学者对我们的工作进行指导,欢迎每一位读者给我们提出宝贵的意见和建议。

北京大学出版社  
经济与管理图书事业部  
2006 年 1 月

# 关于本书

## 适用对象

本书适合作为本科生、MBA 的货币银行学、金融学、金融市场学等课程的教材,也可以作为希望了解金融学知识的读者的参考读物。

## 作者简介

Frederic S. Mishkin, 哥伦比亚大学研究生院研究银行和金融机构的艾尔弗雷德·勒纳教授。美国国民经济研究局助理研究员。他曾先后执教于美国芝加哥大学、西北大学、普林斯顿大学和哥伦比亚大学;同时还是中国人民大学的名誉教授。1994—1997 年,担任美国纽约联邦储备银行研究部执行副主席和主任。Mishkin 教授的主要研究领域为货币政策及货币政策对金融市场和总体经济的影响。

## 内容特色

本书是美国最为畅销的货币金融学教材。全书分为六个部分共 25 章,主要阐述了金融市场、金融机构、中央银行、国际金融、货币政策、货币理论等内容,提供了该课程最权威、最适用的概念、模型和方法。本书具有以下主要特色:

- 建立了一个统一的分析框架,即用基本的经济学原理帮助学生理解金融市场结构、外汇市场、金融机构管理和货币政策在经济中的作用等问题。
- 以最优秀的经济学教科书所采用的方法,细致、逐步地展开模型,以便于学生理解。
- 全书自始至终采用一种全球化的视角。
- 以应用为导向,运用“金融新闻摘录”和“应用”等专栏来引导学生阅读财经报刊,激发学生将理论应用于实际的兴趣。

## 本版更新

- 为了体现人们对近年来的公司和会计丑闻,及其背后的利益冲突问题的关注,增加了有关利益冲突的内容。(第 8 章)
- 在金融市场和金融机构部分增加了新内容:一是收益率曲线在预测通货膨胀和经济周期中的作用;二是对行为金融学的讨论。(第 5 章、第 7 章)
- 增加了有关欧洲中央银行的新内容。(第 12 章、第 15 章、第 16 章)
- 增加了讨论当前货币理论和政策的新内容。(第 3 章、第 14 章、第 16 章、第 22 章)
- 进一步聚焦于中国。(第 8 章、第 11 章、第 18 章)
- 采用更为简化的外汇市场需求和供给分析框架。(第 17 章、第 18 章)

## 教辅资源

- 教师手册
- 教学用 PPT
- 习题库
- 生成试卷的软件



## A NOTE FROM THE AUTHOR

When I first wrote this book seven editions ago I saw there was a true need for a contemporary approach to the study of this area of economics. At the time, the existing books offered only an institutional approach to the material. I knew that students would benefit from understanding the economics behind how money and banking institutions work, and that's what I set out to do. To this day, I remain committed to educating money and banking students. I am honored that each year tens of thousands of students throughout the world learn about the systems of money and banking by reading my book. With this honor comes a personal responsibility that I take very seriously. In every new edition, dedicated professors from around the world generously offer suggestions on how I might enhance the teaching and learning of money, banking, and financial markets through my book. I am deeply grateful for this feedback, and as with the First Edition, I take great care to craft a better book, page by page. While not typical of many textbook authors, I also write the Instructor's Manual so that I have the opportunity to share my teaching experiences with other professors teaching this course. This edition is another major revision that features substantial changes throughout the book, including new chapters, reorganization of old chapters, and much new material to keep the book current. I believe that this Eighth Edition of *The Economics of Money, Banking, and Financial Markets* will be as exciting as previous editions, if not more so, for students new to the subject.



May 2006

## HALLMARKS

Although this text has undergone a major revision, it retains the basic hallmarks that have made it the best-selling textbook on money and banking over the past seven editions:

- A unifying, analytic framework that uses a few basic economic principles to organize students' thinking about the structure of financial markets, the foreign exchange markets, financial institution management, and the role of monetary policy in the economy
- A careful, step-by-step development of models (an approach found in the best principles of economics textbooks), which makes it easier for students to learn
- The complete integration of an international perspective throughout the text
- A thoroughly up-to-date treatment of the latest developments in monetary theory
- Special features called "Following the Financial News" and "Reading the *Wall Street Journal*" to encourage reading of a financial newspaper
- An applications-oriented perspective with numerous applications and special-topic boxes that increase students' interest by showing them how to apply theory to real-world examples

## WHAT'S NEW IN THE EIGHTH EDITION

In addition to the expected updating of all data through the end of 2005 whenever possible, there is major new material in every part of the text.

### A New Alternative

One of my primary goals when writing *The Economics of Money, Banking, and Financial Markets* has always been to create a text that is both comprehensive and flexible. With this edition, I have chosen to respond to the varied and sometimes conflicting needs of professors by providing two versions of the text.

While both versions contain the core chapters that all professors will want to cover, *The Economics of Money, Banking, and Financial Markets*, Eighth Edition, contains all of the chapters on monetary theory for those professors who want a comprehensive discussion of monetary theory and monetary policy. Professors who do want this coverage are often hard-pressed to cover all the finance and institutions chapters. To that end, the Eighth Edition omits the chapters on nonbank finance and financial derivatives.

For those professors who teach at an institution that requires intermediate macroeconomics as a prerequisite, who prefer to focus more on finance, or who simply do not cover ISLM, *The Economics of Money, Banking, and Financial Markets*, Alternate Edition, will more closely fit your needs. The Alternate Edition includes not only chapters on nonbank finance and financial derivatives, but also an entire chapter on conflicts of interest in the financial industry; this chapter covers this important topic in detail with many examples. The Alternate Edition omits the two ISLM chapters and the chapter on the implications of rational expectations for policy. The MyEconLab Web site for each edition provides the omitted chapters, thus making them readily available for students to read online and for professors to photocopy should they prefer to include them in their course.

### Conflicts of Interest

Recent corporate and accounting scandals have received tremendous public attention, both because resulting bankruptcies have cost employees of these firms their jobs or their pensions, but also because they may have hampered the efficient functioning of the financial system. One source of these scandals are conflicts of interest, in which people who were supposed to act in the interests of the investing public by providing reliable information, instead have incentives (conflicting interests) to deceive the public and thereby benefit themselves and their corporate clients. To address the growing concern with conflicts of interest, the text has added the following:

**New Section in Chapter 8.** An entirely new section, "Conflicts of Interest," in Chapter 8, discusses what conflicts of interest are and explains why we should care about them. It then provides a survey of the different types of conflicts of interest in the financial industry and addresses policies to remedy them.

**Conflicts of Interest Boxes.** To further enhance students' understanding of the importance of conflicts of interest, a new type of box, entitled "Conflicts of Interest," has been sprinkled throughout the text to illustrate how pervasive these dilemmas are.

## **New Material on Financial Markets and Institutions**

In light of ongoing research and changes in financial markets and institutions, I have added the following new material to keep the text current:

- Discussion of the yield curve as a forecasting tool for inflation and the business cycle (Chapter 5)
- Discussion of the new field of behavioral finance, which applies concepts from other social sciences such as anthropology, sociology, and, particularly, psychology to understand the behavior of securities prices (Chapter 7)

## **Enhanced Coverage of the European Central Bank**

Until recently, the U.S. Federal Reserve had no rivals in terms of importance in the central banking world. However, this situation changed in January 1999 with the start-up of the European Central Bank (ECB). The ECB now conducts monetary policy for countries that are members of the European Monetary Union, which collectively have a population that exceeds that in the United States and a GDP comparable to that of the United States. In recognition of students' growing interest in the workings of the ECB, I have added the following new material:

- A new section, "The Structure and Independence of the European Central Bank," (Chapter 12)
- A new section, "Monetary Policy Tools of the European Central Bank" (Chapter 15)
- Discussion of the European Central Bank's monetary policy strategy (Chapter 16)

## **New Material on Monetary Theory and Policy**

Drawing on my continuing involvement with central banks around the world, I have added new material to keep the discussion of monetary theory and policy current:

- A new box on where all those U.S. dollars have gone (Chapter 3)
- An examination of the declining importance of reserve requirements in the money supply process (Chapter 14)
- A new section on whether price stability should be the primary goal of monetary policy (Chapter 16)
- An examination of whether hierarchical versus dual mandates are better for central banks (Chapter 16)
- A new box on the new Federal Reserve Chairman, Ben Bernanke, his views on inflation targeting (Chapter 16)
- A decreased emphasis on the Keynesian–monetarist debate (Chapter 22)
- An application on the effects of negative demand shocks on the U.S. economy from 2001 to 2004 (Chapter 22)

## **Increased Coverage of China**

China's growing importance in the global economy has encouraged me to add substantial new material on this country:

- A discussion of whether China is a counter-example to the importance of financial development for economic growth (Chapter 8)

- An examination of problems in the Chinese banking system (Chapter 11)
- An exploration of how China has accumulated nearly \$1 trillion of international reserves and has become one of the largest holders of U.S. Treasury securities (Chapter 18)

## Simpler Supply and Demand Analysis for the Foreign Exchange Market

Using the interest parity condition to explain the determination of exchange rates has always been challenging for some students. I have used this approach in past editions, however, because it is based on the modern asset market approach to exchange rate determination—a standard in the literature. It emphasizes that what drives exchange rate fluctuations are changes in relative expected returns and as a result can explain large day-to-day fluctuations in foreign exchange rates, which are not well explained by older supply and demand frameworks often used in other texts.

Although the asset market approach is the way economists currently think about exchange rate determination, it has one major drawback: It is difficult for many students to understand. Through my teaching I discovered that there is a way to explain an asset market approach to exchange rate determination that is embedded in a more conventional supply and demand framework, which many students find far easier to comprehend. Chapters 17 and 18 now provide a supply and demand analysis for assets denominated in a currency and emphasize that the demand for these assets depends on their expected return relative to assets denominated in foreign currencies. Not only is this framework easier for students to work with, but it also allows the instructor to discuss cases in which domestic and foreign assets are not perfect substitutes for each other and, therefore, has the additional advantage that it is more general. Nonetheless, this new framework produces all of the same results that the interest-parity model of previous editions produces (as is pointed out in the text). In my experience, this new approach has enjoyed great success in the classroom.

## Improved Exposition and Organization

Helpful comments from reviewers prompted me to improve the exposition throughout the book. The material on financial market instruments that was moved to the Web site in the last edition has been moved back into Chapter 2 in this Eighth Edition. Similarly, the appendix on the M2 multiplier has been moved from the Web site back into the text. Chapter 4, on understanding interest rates, includes numerous additional applications that use time lines to clarify concepts such as present discounted value and the yield to maturity on different debt instruments. The exposition of the supply and demand analysis for the bond market has been simplified in Chapters 5 and 6 by eliminating the right-hand axis on the graphs, which had interest rates going in the wrong direction. The analysis now focuses on what happens to bond prices and emphasizes that when bond prices rise, interest rates fall, and vice versa.

I have also thoroughly reorganized the old Chapter 18, “Conduct of Monetary Policy: Goals and Targets,” and Chapter 21, “Monetary Policy: The International Experience.” The Eighth Edition includes new Chapter 16, “What Should Central Banks Do? Monetary Policy Goals, Strategy, and Tactics,” which is logically more coherent and should be of greater relevance to students. This chapter begins by explaining modern

theories of central banking: It first discusses the price stability goal and the role of a nominal anchor in solving the time-inconsistency problem; it then reviews the other goals of monetary policy and explains why price stability is now viewed as the primary goal of monetary policy. From this theoretical perspective, the chapter is better able to explore the strategies and tactics employed by central banks. The material on monetary policy strategy, somewhat shortened, from the old Chapter 21, is covered next, along with a discussion of monetary targeting, inflation targeting, and monetary policy with an implicit, but not explicit, nominal anchor (the “just do it” Greenspan framework). This material has been moved earlier in the text because the subject is being actively debated due to a new chairman of the Fed, Ben Bernanke, coming on board. The remainder of the chapter, which deals with the tactics of monetary policy and a history of Fed policy procedures (now placed in an appendix immediately after Chapter 16), is the same material that was found in the old Chapter 18. The old Chapter 21 has been entirely eliminated, with the material on whether to peg exchange rates moved to a more appropriate location in Chapter 18, “The International Financial System.”

The comments from reviewers also convinced me to downplay the monetarist—Keynesian debate throughout the monetary theory part of the book, while still raising the issue during an application of how to evaluate empirical evidence. In Chapter 22, “Aggregate Supply and Demand Analysis,” the discussion of aggregate supply has been clarified to immediately distinguish the long-run aggregate supply curve from the short-run aggregate supply curve.

## Appendices on the Web

The Web site for this book, [www.myeconlab.com/mishkin](http://www.myeconlab.com/mishkin), has allowed me to produce a large amount of new material for the book without lengthening the text, because we have placed this material in appendices on the Web site. The appendices include:

- Chapter 4: Measuring Interest-Rate Risk: Duration
- Chapter 5: Models of Asset Pricing
- Chapter 5: Applying the Asset Market Approach to a Commodity Market: The Case of Gold
- Chapter 5: Loanable Funds Framework
- Chapter 9: Duration Gap Analysis
- Chapter 9: Measuring Bank Performance
- Chapter 11: Evaluating FDICIA and Other Proposed Reforms of the Bank Regulatory System
- Chapter 13: The Fed’s Balance Sheet and the Monetary Base
- Chapter 14: Explaining the Behavior of the Currency Ratio
- Chapter 19: A Mathematical Treatment of the Baumol-Tobin and Tobin Mean Variance Model
- Chapter 19: Empirical Evidence on the Demand for Money
- Chapter 21: Algebra of the ISLM Model
- Chapter 22: Aggregate Supply and the Phillips Curve

Instructors can either use these appendices in class to supplement the material in the textbook, or recommend them to students who want to expand their knowledge of the money and banking field.

## FLEXIBILITY

In using previous editions, adopters, reviewers, and survey respondents have continually praised this text's flexibility. There are as many ways to teach money, banking, and financial markets as there are instructors. To satisfy the diverse needs of instructors, the text achieves flexibility as follows:

- Core chapters provide the basic analysis used throughout the book, and other chapters or sections of chapters can be used or omitted according to instructor preferences. For example, Chapter 2 introduces the financial system and basic concepts such as transaction costs, adverse selection, and moral hazard. After covering Chapter 2, the instructor may decide to give more detailed coverage of financial structure by assigning Chapter 8, or may choose to skip Chapter 8 and take any of a number of different paths through the book.
- The text also allows instructors to cover the most important issues in monetary theory and policy without having to use the *ISLM* model in Chapters 20 and 21 while more complete treatments of monetary theory make use of the *ISLM* chapters.
- The internationalization of the text through marked international sections within chapters, as well as through complete separate chapters on the foreign exchange market and the international monetary system, is comprehensive yet flexible. Although many instructors will teach all the international material, others will not. Instructors who want less emphasis on international topics can easily skip Chapter 17 on the foreign exchange market and Chapter 18 on the international financial system and monetary policy. The international sections within chapters are self-contained and can be omitted with little loss of continuity.

To illustrate how this book can be used for courses with varying emphases, several course outlines are suggested for a semester teaching schedule. More detailed information about how the text can be used flexibly in your course is available in the Instructor's Manual.

- *General Money and Banking Course*: Chapters 1–5, 9–11, 12, 15, 16, 22, 24, with a choice of 6 of the remaining 12 chapters.
- *General Money and Banking Course with an International Emphasis*: Chapters 1–5, 9–11, 12, 15–18, 22, 24 with a choice of 4 of the remaining 9 chapters.
- *Financial Markets and Institutions Course*: Chapters 1–11, with a choice of 6 of the remaining 12 chapters.
- *Monetary Theory and Policy Course*: Chapters 1–5, 12–16, 19, 22–25, with a choice of 5 of the remaining 11 chapters.

## PEDAGOGICAL AIDS

In teaching theory or its applications, a textbook must be a solid motivational tool. To this end, I have incorporated a wide variety of pedagogical features to make the material easy to learn:

1. **Previews** at the beginning of each chapter tell students where the chapter is heading, why specific topics are important, and how they relate to other topics in the book.

2. **Applications**, numbering more than 50, demonstrate how the analysis in the book can be used to explain many important real-world situations. A special set of applications, called “Reading the *Wall Street Journal*,” shows students how to read daily columns in this leading financial newspaper.
3. **Following the Financial News boxes** introduce students to relevant news articles and data that are reported daily in the press, and explain how to read them.
4. **Inside the Fed boxes** give students a feel for what is important in the operation and structure of the Federal Reserve System.
5. **Global boxes** include interesting material with an international focus.
6. **E-Finance boxes** relate how changes in technology have affected financial markets or institutions.
7. **Conflicts of Interest boxes** outline conflicts of interest in different financial service industries.
8. **FYI boxes** highlight dramatic historical episodes, interesting ideas, and intriguing facts related to the subject matter.
9. **Study Guides** are highlighted statements scattered throughout the text that provide hints to the student on how to think about or approach a topic.
10. **Summary tables** provide a useful study aid in reviewing material.
11. **Key statements** are important points set in boldface italic type so that students can easily find them for later reference.
12. **Graphs** with captions, numbering more than 150, help students clearly understand the interrelationship of the variables plotted and the principles of analysis.
13. **Summary** at the end of each chapter lists the main points covered.
14. **Key terms** are important words or phrases, boldfaced when they are defined for the first time and listed by page number at the end of the chapter.
15. **End-of-chapter questions and problems**, numbering more than 400, help students learn the subject matter by applying economic concepts, including a special class of problems that students find particularly relevant, under the heading “Using Economic Analysis to Predict the Future.”
16. **Web Exercises** encourage students to collect information from online sources or use online resources to enhance their learning experience.
17. **Web Sources** report the Web URL source of the data used to create the many tables and charts.
18. **Web References** point the student to Web sites that provide information or data that supplement the text material.
19. **Glossary** at the back of the book provides definitions of all the key terms.
20. **Answers section** at the back of the book provides solutions to half of the questions and problems (marked by \*).

## AN EASIER WAY TO TEACH: SUPPLEMENTS TO ACCOMPANY THE EIGHTH EDITION

*The Economics of Money, Banking, and Financial Markets*, Eighth Edition, includes the most comprehensive program of supplements of any money, banking, and financial markets textbook. These items are available to qualified domestic adopters, but in some cases may not be available to international adopters.

## For the Professor

1. **Instructor's Manual**, a print supplement prepared by me and offering conventional elements such as sample course outlines, chapter outlines, and answers to questions and problems in the text.
2. **PowerPoint® Slides**. New to this edition is a far more comprehensive set of PowerPoint slides—greatly expanded from the previous edition and now numbering over 550—that provides not only all the tables and graphs in the text, but very detailed lecture notes for all the material in the course. The basis of the lecture notes is, in fact, the notes I use in class—and they should help other instructors prepare their lectures as they have helped me. In this edition, Lori Bell of Blackburn College has enhanced the presentation by adding additional lecture notes. Some instructors might use these PowerPoint slides as their own class notes and prefer to teach with a blackboard. But for those who prefer to teach with visual aids, the PowerPoint slides, which are fully customizable, afford the flexibility to take this approach.
3. **Computerized Test Bank**, allowing the instructor to produce exams efficiently. This product consists of the multiple-choice and essay questions in the printed Test Bank and offers editing capabilities. It is available in Macintosh and Windows versions.
4. **Mishkin Web site**, located at [www.myeconlab.com/mishkin](http://www.myeconlab.com/mishkin), which features chapter synopses, student practice quizzes, appendices on a wide variety of topics (see “Appendices on the Web”), omitted chapters, links to the URLs that appear at the end of the chapters, and various resources for the instructors.

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**Page 17.** Figure 11: Excel Graph of Interest-Rate Data. Microsoft Excel® screen shot reprinted with permission from Microsoft Corp.

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# ABOUT THE AUTHOR



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Frederic S. Mishkin is the Alfred Lerner Professor of Banking and Financial Institutions at the Graduate School of Business, Columbia University. He is also a Research Associate at the National Bureau of Economic Research and past president of the Eastern Economics Association. Since receiving his Ph.D. from the Massachusetts Institute of Technology in 1976, he has taught at the University of Chicago, Northwestern University, Princeton University, and Columbia. He has also received an honorary professorship from the People's (Renmin) University of China. From 1994 to 1997, he was Executive Vice President and Director of Research at the Federal Reserve Bank of New York and an associate economist of the Federal Open Market Committee of the Federal Reserve System.

Professor Mishkin's research focuses on monetary policy and its impact on financial markets and the aggregate economy. He is the author of more than fifteen books, including *Financial Markets and Institutions*, 5th edition (Addison Wesley, 2006); *The Next Great Globalization: How Disadvantaged Nations Can Harness Their Financial Systems to Get Rich* (Princeton University Press, 2006); *Inflation Targeting: Lessons from the International Experience* (Princeton University Press, 1999); *Money, Interest Rates, and Inflation* (Edward Elgar, 1993); and *A Rational Expectations Approach to Macroeconometrics: Testing Policy Ineffectiveness and Efficient Markets Models* (University of Chicago Press, 1983). In addition, he has published more than 150 articles in such journals as *American Economic Review*, *Journal of Political Economy*, *Econometrica*, *Quarterly Journal of Economics*, *Journal of Finance*, and *Journal of Monetary Economics*.

Professor Mishkin has served on the editorial board of *American Economic Review* and has been an associate editor at *Journal of Business and Economic Statistics* and *Journal of Applied Econometrics*; he also served as the editor of the Federal Reserve Bank of New York's *Economic Policy Review*. He is currently an associate editor (member of the editorial board) at six academic journals, including *Journal of Money, Credit and Banking*; *Macroeconomics and Monetary Economics Abstracts*; *Journal of International Money and Finance*; *International Finance*; *Finance India*; and *Economic Policy Review*. He has been a consultant to the Board of Governors of the Federal Reserve System, the World Bank and the International Monetary Fund, as well as to many central banks throughout the world. He was also a member of the International Advisory Board to the Financial Supervisory Service of South Korea and is currently an advisor to the Institute for Monetary and Economic Research at the Bank of Korea. Professor Mishkin is currently a Senior Fellow at the Federal Deposit Insurance Corporation's Center for Banking Research, and is an academic consultant to and serves on the Economic Advisory Panel of the Federal Reserve Bank of New York.