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金融学精选教材·英文改编版

MONEY, BANKING, AND FINANCIAL MARKETS

货币、银行与金融市场

Stephen G. Cecchetti

北京大学出版社

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Stephen G. Cecchetti

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出版者序言

在当前经济金融全球化的背景下，中国经济的发展需要大量具备扎实理论功底、了解国际前沿理论、能够适应国际竞争需要的优秀金融人才。而培养优秀的国际金融人才，不仅离不开一流的师资，一流的学术成果，更离不开一流的教材。因此，大力开展双语教学，适当引进和借鉴国外优秀的原版教材，是加快中国金融教育步伐，使之与国际接轨的一条捷径。为此，北京大学出版社与国外著名出版公司培生教育出版公司和麦格劳一希尔教育出版公司合作推出了《金融学精选教材》系列丛书。本丛书中的大部分均同时包含英文版和翻译版，主要针对金融学专业及相关专业的本科生、研究生。丛书的筛选完全是本着“出新、出好、出精”的原则，目前所入选的图书均经过各个著名高校的相关学者的精心挑选，不仅包括国外金融领域的经典教材、最畅销教材，还包括金融领域中最新推出的教材，称得上是一套优中选精的丛书。

鉴于外版教材大多篇幅较长，且其中某些内容不适合我国的教学实际需要，因而我们对部分所选图书进行了必要的删节，成为英文改编版。在选书和删节的过程中，我们得到了北京大学光华管理学院周春生老师、唐国正老师，北京大学经济学院苏剑老师，厦门大学经济学院郑振龙老师，辽宁大学曲昭光老师等多位教师学者的大力支持和帮助，在此，我们向他们表示衷心的感谢！

本丛书是对国外原版教材的直接或删节后影印，由于各个国家政治、经济、文化背景的不同，对于书中所持观点，还请广大读者在阅读过程中注意加以分析和鉴别。另外，我们在对原版图书进行删节、重新编排页码的同时，为了便于读者核对使用索引，仍保留了原书的页码，因此读者在阅读过程中可能会发现有跳页现象，而且由于删节，某些文中提到的页码有可能无法找到，对于由此给读者带来的诸多不便，我们深表歉意，恳请您的谅解。

《金融学精选教材》是一个开放的系列，以后将根据教材的供需状况和读者需要陆续增加其他品种，使之更加系统完善。我们欢迎所有关心中国经济学教育和发展的专家、学者及广大读者，为我们提出宝贵的意见和建议，并诚挚地希望您能向我们推荐您所接触到的国外优秀的金融学图书。

北京大学出版社

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关于本书

适用对象

本书适用于金融学专业本科生、MBA 以及一切愿意了解货币、银行与金融体系的人士。

内容简介

本书研究了金融体系的基本作用，包括货币与金融体系，利率、金融工具和金融市场，金融机构，中央银行、货币政策和金融稳定性及现代货币经济学等内容。全书从五个核心原则出发，着重分析了金融体系的现行结构和规则，以帮助学生理解金融体系及其对人们的经济影响，并赋予学生能够理解并评估他们在将来可能会面临的金融创新的终身能力。

作者简介

Stephen G. Cecchetti 是布兰戴斯大学(Brandeis University)国际商学院国际经济与金融系教授、罗斯伯研究所(Rosenberg Institute)研究员，研究兴趣涵盖通货膨胀和价格测度、货币政策、宏观理论、大萧条时期的经济学以及金融经济学等多个方面。Cecchetti 教授之前在纽约大学斯特恩商学院(Stern School of Business)执教 15 年，同时也在俄亥俄州大学经济系担任工作，并担任普林斯顿大学、牛津大学、墨尔本大学和波士顿学院的客座教授。

除担任教职以外，Cecchetti 教授还曾担任纽约联邦储备银行执行副总裁和研究员(1997—1999)；国家经济研究局的研究员(1989—至今)；《货币、信贷与银行业务研究》(*Journal of Money, Credit and Banking*)(1992—2001)、《美国经济评论》(*American Economic Review*)(1992—1998)、《经济文献》(*Journal of Economic Literature*)(1993—至今)等杂志的编辑。

Cecchetti 教授还是世界上许多中央银行的顾问，包括欧洲中央银行、英格兰银行、玻利维亚中央银行和澳大利亚联邦银行。

他在各类学术和政策杂志上已发表文章 60 多篇。从 2000 年开始，经常在《金融时报》(*Financial Times*)上发表个人见解。

本版特色

本书以五个核心原则为主线，帮助读者了解金融体系的作用、组织结构以及它与现实经济的关系，使本书内容简洁、逻辑清晰。这五个原则是：1)时间具有价值；2)风险需要补偿；3)信息是决策的基础；4)市场决定价格，配置资源；5)稳定提高福利。

本书对传统的货币与银行教学方法进行了调整：在全书早期即引入了风险的概念，并用整章内容讨论了这一概念；书中整合了并强调了各种金融工具的使用；在讨论货币经济学时，书中略过了 IS-LM 框架，重点讨论了长期货币增长与通货膨胀、短期货币政策和商业周期等主题，从而以更加现代、更加相关的方式讨论了货币经济学的有关内容；并且一体化的全球视角贯穿全书。这些调整大大增加了学生们所学的知识，并有助于学生深入理解有关内容。

在本书的章节中插入了一些阅读材料，即“你的金融世界”、“概念应用”、“新闻”和“交易工

具箱”四种插页，寓教于乐。一方面让学生在学习技术性较强的教材正文之余得以放松，同时也让学生能够掌握这些基本知识。

本书每章结尾包括专业术语、本章小结和问题，以方便学生查阅、理解和记忆，巩固所学内容。

简要目录

教辅产品

请反馈本书后的《教师反馈及课件申请表》，麦格劳一希尔公司将提供相应教辅。

Dedication

To my father, Giovanni Cecchetti, who argued tirelessly that financial markets are not efficient; and to my grandfather Albert Schwabacher, who patiently explained why inflation is destructive.

About the Author

Stephen G. Cecchetti joined the Brandeis University faculty in 2003 as a Professor of International Economics and Finance at the International Business School. He is also the Director of Research at the Rosenberg Institute for Global Finance at Brandeis. Previously, Professor Cecchetti taught at the New York University Stern School of Business and, for approximately 15 years, was a member of the Department of Economics at The Ohio State University. He has been a Visiting Professor of Economics at Princeton University, Oxford University, the University of Melbourne, and Boston College.

In addition to his academic appointments, Cecchetti's background includes serving as Executive Vice President and Director of Research, Federal Reserve Bank of New York (1997–1999); Editor, *Journal of Money, Credit, and Banking* (1992–2001); Research Associate, National Bureau of Economic Research (1989–present); Board of Editors, *American Economic Review* (1992–1998), and the *Journal of Economic Literature* (1993–present), among others.

He has consulted for various central banks around the world, including the European Central Bank, the Bank of England, the Central Bank of Bolivia, the Bank of Israel, and the Reserve Bank of Australia.

Cecchetti's research interests include inflation and price measurement, monetary policy, macroeconomic theory, economics of the Great Depression, and financial economics. His initial work concentrated on the theoretical basis and empirical plausibility of new Keynesian models of the business cycle that are based on nominal rigidities. More recently, he has developed new measures of core inflation and examined how monetary policy can be used to control aggregate price movements.

He has published over 60 articles in academic and policy journals and since 2000 has been a regular contributor to the *Financial Times*. See www.brandeis.edu/global/news_cecchetti_articles.php for an archive of his recent newspaper columns.

Cecchetti received an SB in Economics from M.I.T. in 1977 and a PhD in Economics from the University of California at Berkeley in 1982.

Preface

For most of the 20th century, defining money and banks was straightforward. Money was currency or a checking account balance; banks were institutions that took deposits and made loans. Then the invention of computers and the resulting revolution in information technology changed everything. Buying dinner used to require cash or checks issued by a local bank. Now diners can pick up the tab for a restaurant meal with a plastic card that debits their brokerage account at a firm whose nearest office may be thousands of miles away. The changes have been so sweeping that if a banker of the 1960s or 1970s were transported to the present day, he or she would hardly recognize our current financial system. The way we use money, financial instruments, financial markets, and financial institutions is completely different from the way our grandparents' generation used them.

Not only do today's money and banks differ from yesterday's, but tomorrow's financial system will surely differ from the current one in ways that are difficult to predict. Thus, students who memorize the operational details of today's financial system are investing in a short-lived asset. My purpose in writing this book is to focus on the *basic functions* served by the financial system, while de-emphasizing its current structure and rules. Learning the economic rationale behind financial tools, rules, and structures is much more valuable than concentrating on the tools, rules, and structures themselves. It is an approach designed to give students the lifelong ability to understand and evaluate whatever financial innovations they may one day confront.

The Core Principles Approach

Toward that end, the entire content of this book is based on five *core principles*. Knowledge of these principles is the basis for learning what the financial system does, how it is organized, and how it is linked to the real economy.

1. Time has value.
2. Risk requires compensation.
3. Information is the basis for decisions.
4. Markets set prices and allocate resources.
5. Stability improves welfare.

These five core principles serve as a framework through which to view the history, current status, and future development of money and banking. They are discussed in detail in Chapter 1; throughout the rest of the text, marginal icons remind students of the principles that underlie particular discussions.

Focusing on core principles has created a book that is both concise and logically organized. This approach does require some adjustments to the traditional methodology used to teach money and banking, but for the most part they are changes in emphasis only. That said, some of these changes have greatly improved both the ease of teaching and the value students draw from the course. Among them are the emphasis on risk; use of the term *financial instrument;* parallel presentation of the Federal Reserve and the European Central Bank; a streamlined, updated section on monetary economics; and the adoption of an integrated global perspective.

Innovations in This Text

In addition to the focus on core principles, this book introduces a series of innovations designed to foster coherence and relevance in the study of money and banking, in both today's financial world and tomorrow's.

Early Introduction of Risk

It is impossible to appreciate how the financial system works without understanding risk. In the modern financial world, virtually all transactions transfer some degree of risk between two or more parties. These risk trades can be extremely beneficial, as they are in the case of insurance markets. But there is still potential for disaster. In 1998, risk-trading activity at Long-Term Capital Management (LTCM) threatened the stability of the international financial system.

Even though risk is absolutely central to an understanding of the financial system, most money and banking books give very little space to the topic. In contrast, this book devotes an entire chapter to defining and measuring risk. Chapter 5 introduces the concept of a risk premium as compensation for risk and shows how diversification can reduce risk. Because risk is central to explaining the valuation of financial instruments, the role of financial intermediaries, and the job of central bankers, the book returns to this concept throughout the chapters.

Emphasis on Financial Instruments

Financial instruments are introduced early in the book, where they are defined based on their economic function. This approach leads naturally to a discussion of the uses of various instruments and the determinants of their value. Bonds, stocks, and derivatives all fit neatly into this framework, so they are all discussed together.

This approach solves one of the problems with existing texts, use of the term *financial market* to refer to bonds, interest rates, and foreign exchange. In its conventional microeconomic sense, the term *market* signifies a place where trade occurs, not the instruments that are traded. This book follows standard usage of the term *market* to mean a place for trade. It uses the term *financial instruments* to describe virtually all financial arrangements, including loans, bonds, stocks, futures, options, and insurance contracts. Doing so clears up the confusion that can arise when students arrive in a money and banking class fresh from a course in the principles of economics.

Parallel Presentation of the Federal Reserve and the European Central Bank

To foster a deep understanding of central banking and monetary policy, the presentation of this material begins with a discussion of the central bank's role and objectives. Descriptions of the Federal Reserve and the European Central Bank follow. By starting on a theoretical plane, students gain the tools they need to understand how all central banks work. They avoid focusing on institutional details that may quickly become obsolete. Armed with a basic understanding of what central banks do and how they do it, students will be prepared to grasp the meaning of future changes in institutional structure.

Another important innovation is the parallel discussion of the two most important central banks in the world, the Federal Reserve and the European Central Bank (ECB). Students of the 21st century are ill-served by books that focus entirely on the U.S. financial system. They need a global perspective on central banking, the starting point for which is a detailed knowledge of the ECB.

Modern Treatment of Monetary Economics

The discussion of central banking is followed by a simple framework for understanding the impact of monetary policy on the real economy. Modern central bankers think and talk about changing the interest rate when inflation and output deviate from their target objectives. Yet traditional treatments of monetary economics employ aggregate demand and aggregate supply diagrams, which relate output to the price level, and discuss inflation in terms of shifts in the AD and AS curves. The resulting development is lengthy and difficult. Because this book skips the ISLM framework, its presentation of monetary economics is several chapters shorter. Only those topics that are most important in a monetary economics course are covered: long-run money growth and inflation and short-run monetary policy and business cycles. This streamlined treatment of monetary theory is not only concise, but more modern and more relevant than the traditional approach. Moreover, it gives students a complete understanding of business-cycle fluctuations.

Integrated Global Perspective

Recent technological advances have dramatically reduced the importance of a bank's physical location, producing a truly global financial system. Twenty years ago money and banking books could afford to focus primarily on the U.S. financial system, relegating international topics to a separate chapter that could be considered optional. But in today's financial world, even a huge country like the United States cannot be treated in isolation. The global financial system is truly an integrated one, rendering separate discussion of a single country's institutions, markets, or policies impossible. This book incorporates the discussion of international issues throughout the text, emphasizing when national borders are important to bankers and when they are not.

Organization

This book is organized to help students understand both the financial system and its economic effects on their lives. That means surveying a broad series of topics, including what money is and how it is used; what a financial instrument is and how it is valued; what a financial market is and how it works; what a financial institution is and why we need it; and what a central bank is and how it operates. More important, it means showing students how to apply the five core principles of money and banking to the evolving financial and economic arrangements that they inevitably will confront during their lifetimes.

Part I: Money and the Financial System. Chapter 1 introduces the core principles of money and banking, which serve as touchstones throughout the book.

Chapter 2 examines money both in theory and in practice. Chapter 3 follows with a bird's-eye view of financial instruments, financial markets, and financial institutions. (Instructors who prefer to discuss the financial system first can cover Chapters 2 and 3 in reverse order.)

Part II: Interest Rates, Financial Instruments, and Financial Markets. Part II contains a detailed description of financial instruments and the financial theory required to understand them. It begins with an explanation of present value and risk, followed by specific discussions of bonds, stocks, derivatives, and foreign exchange. Students benefit from concrete examples of these concepts. In Chapter 7 (The Risk and Term Structure of Interest Rates), for example, students learn how the information contained in the risk and term structure of interest rates can be useful in forecasting. In Chapter 8 (Stocks, Stock Markets, and Market Efficiency), they learn about stock bubbles and how those anomalies influence the economy. And in Chapter 10 (Foreign Exchange), they study the Big Mac index to understand the concept of purchasing power parity. Throughout this section, two ideas are emphasized: that financial instruments transfer resources from savers to investors, and that in doing so, they transfer risk to those best equipped to bear it.

Part III: Financial Institutions. In the next section, the focus shifts to financial institutions. Chapter 11 introduces the economic theory that is the basis for our understanding of the role of financial intermediaries. Through a series of examples, students see the problems created by asymmetric information as well as how financial intermediaries can mitigate those problems. The remaining chapters in Part III put theory into practice. Chapter 12 presents a detailed discussion of banking, the bank balance sheet, and the risk that banks must manage. Chapter 13 provides a brief overview of the financial industry's structure, and Chapter 14 explains financial regulation.

Part IV: Central Banks, Monetary Policy, and Financial Stability. Chapters 15 through 19 survey what central banks do and how they do it. This part of the book begins with a discussion of the role and objectives of central banks, which leads naturally to the principles that guide central bank design. Chapter 16 applies those principles to the Federal Reserve and the European Central Bank. Chapter 17 presents the central bank balance sheet, the process of multiple deposit creation, and the money supply. Chapters 18 and 19 cover operational policy, based on control of both the interest rate and the exchange rate. The goal of Part IV is to give students the knowledge they will need to cope with the inevitable changes that will occur in central bank structure.

Part V: Modern Monetary Economics. The last part of the book covers modern monetary economics. While most books cover this topic in six or more chapters, this one does it in four. This streamlined approach concentrates on what is important, presenting only the essential lessons that students truly need. Chapter 20 sets the stage by exploring the relationship between inflation and money growth. Starting with inflation keeps the presentation simple and powerful, and emphasizes the way monetary policymakers think about what they do. A discussion of aggregate demand, aggregate supply, and the determinants of inflation and output follows. Chapter 21 presents a dynamic aggregate demand curve that integrates monetary policy directly into the presentation. To complete the explanation of business-cycle fluctuations, Chapter 22 introduces short-run and long-run aggregate supply, wrapping up the section with a discussion of the channels of monetary policy transmission and the challenges central bankers face today.

For those instructors who have the time, we recommend closing the course with a rereading of the first chapter and a review of the core principles. What is the future likely to hold for the five parts of the financial system: money, financial instruments, financial markets, financial institutions, and central banks? How do students envision each of these parts of the system 20 or even 50 years from now?

Learning Tools

In a sense, this book is a guide to the principles students will need to critically evaluate and use what they read in the financial press. Reading the newspaper and applying the information it contains require some basic knowledge. Supplying that knowledge is the purpose of the four types of inserts that complement the chapters, providing a break from the more technical material in the body of the text:

Your Financial World inserts provide students with practical information that is based on lessons covered in the chapter. Most chapters contain two of these boxes, each of which examines a personal finance problem that everyone faces. These boxes show students that the concepts taught in the money and banking course are relevant to their everyday lives. Among the topics covered are the importance of saving for retirement, the risk in taking on a variable-rate mortgage, the desirability of owning stocks, and techniques for getting the most out of the financial news.

Applying the Concept sections show how ideas introduced in the chapter can be applied to the world around us. Most describe historical episodes or examine issues relevant to the public policy debate. Subjects include how debt problems in emerging-market countries can create an increase in the demand for U.S. Treasury debt; why Long-Term Capital Management nearly caused a collapse of the world financial system; and what monetary policymakers learned from the Great Depression of the 1930s. Most chapters contain two of these applications.

In the News boxes present articles drawn from *The New York Times*, *The Wall Street Journal*, *The Financial Times*, *The Economist*, and *BusinessWeek*. These readings show how concepts introduced in the chapter are applied in the financial press. Each article is accompanied by a brief analysis that reinforces key concepts. One In the News box appears in each chapter.

Tools of the Trade boxes teach useful skills, including how to read bond and stock tables, how to read charts, and how to do some simple algebraic calculations. Some provide brief reviews of material from the principles of economics course, such as the relationship between the current account and the capital account in the balance of payments. Most chapters contain one of these boxes.

Finally, the end-of-chapter material is divided into three sections:

Key Terms A listing of all the technical terms introduced and defined in the chapter. The key terms are defined in full in the glossary at the end of the book.

Chapter Lessons A list of the key lessons in the chapter. Other textbooks summarize a small number of points at length. This book summarizes a larger number of points, each of them short, clear, and couched in the form of an outline that matches the chapter headings—a format designed to aid student comprehension and retention.

Problems Each chapter contains 15 problems, both conceptual and computational, of varying levels of difficulty. These problems are designed to reinforce the lessons in the chapter.

Organizational Alternatives

While this book greatly streamlines the traditional approach to money and banking, it remains flexible enough to be used in a broad variety of courses. Sixteen to 19 of the book's 23 chapters can be assigned in the following courses:

General Money and Banking Course. Chapters 1–8, 11, 12, 15, 16, 18, and 20–22

This course covers the primary material needed to appreciate the connections between the financial system and the economy.

General Money and Banking Course with International Emphasis. Chapters 1–8, 10, 11, 12, 15–19, and 20

This alternative to the general money and banking course substitutes chapters on foreign exchange and exchange-rate policy for the macroeconomic model included in courses with less international emphasis.

Financial Markets and Institutions. Chapters 1–9, 11–18

The traditional financial markets and institutions course covers money, financial instruments and markets, financial institutions, and central banking. The focus is on Parts II and III of the book.

Monetary Economics and Monetary Policy. Chapters 1–7, 10, 11, 12, 15–23

A course called monetary economics and monetary policy uses the material in Parts II and III as a foundation for understanding the material in Parts IV and V. A half-semester course for students with a background in financial instruments and institutions might cover only Chapters 1–3 and 15–23.

Supplements for Students

Student Study Guide and Workbook

James S. Fackler (University of Kentucky) has written an excellent study guide and workbook for students. It includes descriptions of the major lessons in each chapter, definitions, and practice multiple-choice and essay questions. Detailed answers to the practice test questions are also provided.

Web Site

The book's Web site, www.mhhe.com/economics/cecchetti1e, includes a variety of free content for students, including chapter quizzes, PowerPoint slides, and interactive graphs with related exercises. Instructors may access all the book's major supplements using a special password.

Supplements for Instructors

Instructor's Resources and Solutions Manual

Mary Lesser (Iona College) has collected a broad array of materials for instructors. This manual includes chapter overviews, outlines, and a discussion of how the core principles apply to each chapter. It also addresses concepts students often find difficult, including suggestions for alleviating confusion. Solutions to the problems at the end of each chapter are given. Included as well is helpful advice provided by Stephen Miller (University of Nevada at Las Vegas) on how instructors can easily modify their existing course to take advantage of the approach in this book.

Test Bank

John Nader (Grand Valley State University) has constructed a test bank of 2,300 multiple-choice and 600 short-answer and essay questions. The test bank can be used both as a study guide and as a source for exam questions. It has been computerized to allow for both selective and random generation of test questions.

PowerPoint Slides

Nick Noble (Miami University) has developed a set of PowerPoint slides intended for classroom use. The slides outline the main points in each chapter and reproduce major graphs and charts. This handy, colorful supplement will help to maintain students' interest during lectures.

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