

**Why Study Money, Banking, and Financial Markets?**  
ECON 4673  
Dr. Keen

**Problems**

1. What are the two basic activities of banks?
2. Besides banks, what are the other important financial intermediaries in the economy?
3. When interest rates decrease, how might businesses and consumers change their economic behavior?
4. If history repeats itself and the money growth rate falls, how would we expect output and the inflation rate to respond? What about the interest rate? Is it different before and after 1980?
5. What is the difference between a bond and a stock?