ECO343A: Money and Banking – Fall 2017

Instructor: Dennis M Debrecht
Phone Number: 262-524-7163; Email Address: ddebreh@carrollu.edu
Office Location: Business Hall 103
Office Hours: Monday and Friday 3:00 – 4:00 p.m., Tuesday 2:00 – 4:00 p.m., and by appointment.
Class Time & location: -M-W-F-, 9/7/2017-12/20/2017, 1:20 p.m. - 2:30 p.m., MN201

Course description: The nature of money, the behavior of commercial banks, and the function of the Federal Reserve System are examined. The role of money in the economy is analyzed within the framework of the classical, Keynesian, and monetarist theories of the demand for money. (SP) Pre-requisite: ECO225.


Policies on attendance and missed assignments/exams:

In order to understand the topics that are covered, it is expected that the student will attend each class meeting. There is a positive correlation between class attendance and class performance. If possible, I’d like to know in advance of any student absences.

Course Objectives:

The three exams will consist of essay/problem-solving questions. Each exam will be worth 100 points. The material to be covered on the exams is as follows:

EXAM 1 Chapters 1 – 7
EXAM 2 Chapters 8 – 14
FINAL EXAM Chapters 15 – 23, 25

To supplement the material from the text, articles from the 12 regional Federal Reserve publications and other financial sources will be used. These articles may also constitute material for examinations.

In addition to the three exams, your course grade will depend upon web exercises and end-of-chapter questions and problems. Some of these exercises will be worked in class, but four problem sets will be assigned and graded during the semester. Each of these problem sets will be worth 25 points, yielding a total of 100 points for the four problem sets assigned.

Learning Outcomes:

Upon completion of this course, the student should be able to:
*understand the importance of banking and financial markets to our economy;
*appreciate the impact money has on the economy;
*relate macroeconomic concepts, such as inflation, to money and banking’s impact on the economy;
*understand the behavior and effects that interest rates have on the economy;
*understand the general principles of bank management and credit risk;
*appreciate the historical development of the banking system and how this has affected bank structure and competition;
*gain a fuller understanding of the Fed and the money supply process than that achieved in principles of macroeconomics;
*understand the differences among the classical, Keynesian, and monetarist theories of the demand for money; and
*understand the transmission mechanisms of monetary policy.

**Measures of Achievement:**

These outcomes will be assessed based on the student’s performance on the three exams, the four exercises, and the research paper.

**Content and Skills Goals:**

This course will emphasize the use of writing and critical thinking skills in the research paper on a money and banking topic, the three exams and the exercises. The student is expected to apply money and banking topics to our national and global economies.

**Grading Scale/Weight:**

No extra credit is given. The exercises, in total, will be counted the equivalent of an examination. The three exams and the exercises, in total, will be weighted equally, that is, each counts 20 percent towards your course grade. The remaining 20 percent will be based on a 7-10 page research paper, double-spaced. Some suggestions for topics are: (1) How the Electronic Funds Transfer System (EFTS) has changed the world of banking; (2) The influence of domestic and international disturbances on the Fed’s monetary policy actions; (3) Will the bitcoin survive and how may it affect the definition of money?; (4) The problems in the forecasting of interest rates; (5) What can be done to prevent financial crises; and (6) How bank mergers have reshaped the financial landscape. Student-generated topics, subject to my approval, may also be used. Grades will be based on the thoroughness of coverage of the topic. The grading scale is as follows: 92-100 A; 89-91 AB; 81-88 B; 77-80 BC; 65-76 C; 60-64 D; and below 60 F.

**Tentative Course Schedule:**

Outline for the Course

Sept. 8 - 15        Part One: Introduction
                  Why Study Money, Banking, and Financial Markets?/Chapter 1
                  An Overview of the Financial System/Chapter 2

Sept. 18 - 22      What Is Money?/Chapter 3
                  Part Two: Financial Markets
                  The Meaning of Interest Rates/Chapter 4
                  The Behavior of Interest Rates/start Chapter 5

Sept. 25 - 29      The Behavior of Interest Rates/finish Chapter 5
The Risk and Term Structure of Interest Rates/Chapter 6
The Stock Market, the Theory of Rational Expectations, and the
Efficient Market Hypothesis/Chapter 7
Assign Problem Set #1

Oct. 2
Go over Problem Set #1
Review for Exam 1

Oct. 4
EXAM 1

Oct. 6 - 13
Part Three: Financial Institutions
An Economic Analysis of Financial Structure/Chapter 8
Banking and the Management of Financial Institutions/Chapter 9
Economic Analysis of Financial Regulation/Chapter 10
Assign Problem Set #2

Oct. 16 – 17
Fall Mid-Semester Break – No Class

Oct. 18 - 20
Go over Problem Set #2
Banking Industry: Structure and Competition/Chapter 11
Financial Crises/start Chapter 12

Oct. 23 - 30
Financial Crises/finish Chapter 12
Part Four: Central Banking and the Conduct of Monetary Policy
Central Banks and the Federal Reserve System/Chapter 13
The Money Supply Process/Chapter 14

Nov. 1
EXAM 2

Nov. 3 - 10
Tools of Monetary Policy/Chapter 15
The Conduct of Monetary Policy: Strategy and Tactics/Chapter 16
Part Five: International Finance and Monetary Policy
The Foreign Exchange Market/start Chapter 17
Assign Problem Set #3

Nov. 13 - 15
Go over Problem Set #3
The Foreign Exchange Market/finish Chapter 17
The International Financial System/Chapter 18

Nov. 17 – 22
Part Six: Monetary Theory
Quantity Theory, Inflation, and the Demand for Money/Chapter 19
The IS Curve/Chapter 20
Assign Problem Set #4
The Monetary Policy and Aggregate Demand Curves/start Ch. 21

Nov. 23 – 24
Thanksgiving Break – No Class

Nov. 27 – Dec. 4
The Monetary Policy and Aggregate Demand Curves/finish Ch. 21
Go over Problem Set #4
Aggregate Demand and Supply Analysis/Chapter 22
Monetary Policy Theory/start Chapter 23

Dec. 6 – 13  Monetary Policy Theory/finish Chapter 23
Transmission Mechanisms of Monetary Policy/Chapter 25

Dec. 14  Reading Day – No Class

Dec. 19 (Tues.)  **FINAL EXAM** at 11:00 am

"The Writing Center is a free service available to all students who would like additional help with their writing. Tutors can assist you with any writing problems from brainstorming to citation. To make an appointment, go to http://www.carrollu.edu/learningcommons/writingcenter.asp. Or you can log into my.carrollu.edu, select the student tab, click on the Library Learning Commons link and follow the instructions on the Make An Appointment-Library Learning Common section. For quick questions taking 10 minutes or less, drop-in visits with the Writing Assistants are available without an appointment in the Learning Commons Monday-Thursday from 2:30-5:30 p.m."

The instructor and the University reserve the right to modify, amend, or change the syllabus (course requirements, grading policy, etc.) as the curriculum and/or program require(s).

Students with documented disabilities who may need accommodations, or any student considering obtaining documentation should make an appointment with Ms. Martha Bledsoe, Director of Services for Students with Disabilities, no later than the first week of class. She can be reached by calling 262-524-7335 or contacting her via email at mbledsoe@carrollu.edu.

The Carroll University Academic Integrity Policy is located in your student handbook (https://my.carrollu.edu/ICS/Departments/Student_Affairs). I encourage you to familiarize yourself with it. If a student violates this policy in any way, I reserve the right to impose a sanction of failure on the assignment/assessment or failure in the course. If you have questions about appropriate citations, please ask.