

ECON 3303-004. MONEY AND BANKING

TTh 8:30 - 9:50pm

COB 149

Spring, 2011

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Office Hours: TTh 7:15 – 8:25pm, or by appointment

Course Prerequisites: ECON 2305. PRINCIPLES OF MACROECONOMICS

Course Objectives:

This course will provide an overview of the field of Money and Banking. At the end of the course you will have an understanding of the nature, operation and function of the United States money and banking systems and the Federal Reserve System, and the application of modern monetary and banking theory to domestic economic problems. Recent monetary and banking trends and financial system issues will be discussed.

Student Learning Outcomes:

The student will be able to:

- Explain the role of financial markets and financial intermediaries in the financial system.
- Analyze interest rates using the bond market.
- Explain the fundamentals of bank management and bank regulation.
- Explain the structure, tools, goals and strategy of the Federal Reserve System.
- Analyze the macro economy using an Aggregate Demand and Aggregate Supply model.
- Explain the transmission mechanisms of monetary policy.
- Explain the relationship between money and inflation.
- Explain the relationship between the foreign exchange market and domestic monetary policy.

Text: The Economics of Money, Banking, and Financial Markets, 9th Edition, Frederic S. Mishkin. The study guide is helpful but not required.

Course Outline:

Part 1 Introduction

- Chapter 1 – Why Study Money, Banking, and Financial Markets?
- Chapter 2 -- An Overview of the Financial System
- Chapter 3 -- What is Money?

Part 2 Financial Markets

- Chapter 4 -- Understanding Interest Rates
- Chapter 5 -- The Behavior of Interest Rates
- Chapter 6 -- The Risk and Term Structure of Interest Rates
- Chapter 7 (part) – The Theory of Rational Expectations and the Efficient Market Hypothesis

Part 3 Financial Institutions

- Chapter 8 – An Economic Analysis of Financial Structure
- Chapter 9 – Financial Crises and the Subprime Meltdown
- Chapter 10 -- Banking and the Management of Financial Institutions
- Chapter 11 -- Economic Analysis of Banking Regulations
- Chapter 12 – Banking Industry: Structure and Competition

Part 4 Central Banking and the Conduct of Monetary Policy

- Chapter 13 -- Central Banks and the Federal Reserve System
- Chapter 14 -- The Money Supply Process
- Chapter 15 – The Tools of Monetary Policy
- Chapter 16 – The Conduct of Monetary Policy: Strategy and Tactics

Part 6 Monetary Theory

- Chapter 19 – The Demand for Money
- Chapter 22 -- Aggregate Demand and Supply Analysis
- Chapter 23 – Transmission Mechanisms of Monetary Policy: The Evidence
- Chapter 24 -- Money and Inflation

Chapter 25 -- Rational Expectations: Implications for Policy
Part 5 International Finance and Monetary Policy
Chapter 17 -- The Foreign Exchange Market
Chapter 18 -- The International Financial System

Current events will be introduced during the semester as appropriate.

This outline may be adjusted during the semester because of class progress or time constraints. Announcements will be made in class for any changes.

Exam Dates and Content:

Exam 1. Thursday, February 10, 2011. Chapters 1-7.

Exam 2. Tuesday, March 8, 2011. Chapters 8-12.

Exam 3. Tuesday, April 12, 2011. Chapters 13-16, 19, 22.

Final Exam. Tuesday, May 10, 2011, 8:15 – 10:45pm. Chapters 17-18, 23-25, Comprehensive Materials.

These dates and content may be adjusted during the semester. Announcements will be made in class for any changes.

Grading and Methods of Evaluation:

Class Participation: Class participation and daily quizzes are 10% of your grade. Daily quizzes may be announced or unannounced. The two lowest quiz grades, may be dropped.

Exams: Four exams will be given. Exams 1-3 are each 20% of your grade. The Final Exam is 30% of your grade. Scantron 882-E or 882-ES forms are required for each quiz and exam. You are responsible for providing these forms and a #2 pencil for marking the forms. You may use a calculator for any exam but may not share a calculator.

Cell phones, iPods or other music devices, pagers, recording devices, and computers are not allowed in class. They must be turned off or silenced and not be on the desk surfaces. Cell phones and music devices may not be used as calculators.

Grades: A = 89.50-100 B = 79.50-89.49 C = 69.50-79.49 D = 59.50-69.49 F = 59.49 and below

Make-up Exam Policy: Daily quizzes will not be made up. If you miss an exam for a valid reason, you may substitute the Final Exam grade for the missed exam. **YOU MAY SUBSTITUTE THE FINAL EXAM SCORE FOR ONLY ONE MISSED EXAM DURING THE SEMESTER.** If at all possible, notify me **BEFORE** the exam class. I reserve the right to determine validity of and require documentation proof for the absence excuse.

Attendance Policy: Students are expected to attend each class and are expected to come to each class having read the text materials for that class and with any other assignments completed. Students who miss a class are responsible for securing any and all coursework missed.

Grade Grievances: You have one calendar year from the date the grade is assigned to initiate any grievance. The normal academic channels are department chair, academic dean, and the Provost.

Drop Policy: It is the student's responsibility to complete the course or withdraw from the course in accordance with University Regulations. Students are strongly encouraged to verify their grade status before dropping a course.

College Policy: Students who have not paid by the census date and are dropped for non-payment cannot receive a grade for the course in any circumstances. Therefore a student dropped for non-payment who continues to attend the course will not receive a grade for the course. Emergency loans are available to help students pay tuition and fees. Students can apply for emergency loans by going to the Bursar's Office.

Academic Integrity: It is the philosophy of The University of Texas at Arlington that academic dishonesty is a completely unacceptable mode of conduct and will not be tolerated in any form. All persons involved in academic dishonesty will be disciplined in accordance with University regulations and procedures. Discipline may include suspension or expulsion from the University.

Americans with Disabilities Act: If a student requires an accommodation based on disability, the student should meet with the instructor in his/her office during the first week of the semester. As a faculty member, I am required by law to provide "reasonable accommodation" to students with disabilities, so as not to

discriminate on the basis of that disability. Student responsibility primarily rests with informing faculty at the beginning of the semester and in providing authorized documentation through designated administrative channels.

Student Support Services: The University of Texas at Arlington supports a variety of student success programs to help you connect with the University and achieve academic success. They include learning assistance, developmental education, advising and mentoring, admission and transition, and federally funded programs. Students requiring assistance academically, personally, or socially should contact the Office of Student Success Programs at 817-272-6107 for more information and appropriate referrals.

Bomb Threats: If anyone is tempted to call in a bomb threat, be aware that UTA will attempt to trace the phone call and prosecute all responsible parties. Every effort will be made to avoid cancellation of presentations or tests caused by bomb threats. Unannounced alternate sites will be available for these classes. Your instructor will make you aware of alternate class sites in the event that your classroom is not available.