

## **ECON 3303-005. MONEY AND BANKING**

TTh 8:30 - 9:50pm

COB 239

Fall, 2011

**Instructor: Don Blackburn**

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Office Hours: MW 5:00 – 5:25pm, TTh 8:00 – 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:

- Chapter 1 – Why Study Money, Banking, and Financial Markets?
- Chapter 2 -- An Overview of the Financial System
- Chapter 3 -- What is Money?
- Chapter 4 -- Understanding Interest Rates
- Chapter 5 -- The Behavior of Interest Rates
- Chapter 6 -- The Risk and Term Structure of Interest Rates
- Chapter 7 – The Theory of Rational Expectations and the Efficient Market Hypothesis
- 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
- 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
- Chapter 17 – The Foreign Exchange Market
- Chapter 18 – The International Financial System
- 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

Current events will be introduced during the semester as appropriate.

Chapters in the text may not be covered in numerical sequence. 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, September 15, 2011. Chapters 1-7.

Exam 2. Tuesday, October 11, 2011. Chapters 8-14.

Exam 3. Tuesday, November 1, 2011. Chapters 15-16, 19, 22-23.

Final Exam. Tuesday, December 13, 2011, 8:15-10:45pm. Chapters 17-18, 24-25, Current Events, 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:

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 quiz or exam but may not share a calculator.

**Class Participation:** Class participation and daily quizzes are 20% 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 and the Final Exam are each 15% of your grade.

**Class Project:** A class project is 20% of your grade. The project will be discussed and assigned in class. The project may be individual or team effort. No more than two students may work as a team on a project submission. If two students work on a project submission, both will receive the same grade for the project.

**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 **arrive on time** and 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.

**Blackboard:** This class will use Blackboard, an electronic learning software platform, for the distribution of course information. Go to <http://elearn.uta.edu/> to log in. Be sure to check the class Blackboard site on a regular basis for announcements and other material related to class.

**Grade Grievances:** You have one calendar year from the date the grade is assigned to initiate any grievance. The normal academic channels are instructor, 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. The Regents' Rules and Regulations, Part One, Chapter VI, Section 3, Subsection 3.2, Subdivision 3.22 describes scholastic dishonesty as

Scholastic dishonesty includes but is not limited to cheating, plagiarism, collusion, the submission for credit of any work or materials that are attributable in whole or in part to another person, taking an examination for another person, any act designed to give an unfair advantage to a student or the attempt to commit such acts.

**Electronic Communication Policy:** The University of Texas at Arlington has adopted the University "MavMail" address as the sole official means of communication with students. MavMail is used to remind students of important deadlines, advertise events and activities, and permit the University to conduct official transactions exclusively by electronic means. For example, important information concerning registration, financial aid, payment of bills, and graduation are now sent to students through the MavMail system. All students are assigned a MavMail account. Students are responsible for checking their MavMail regularly.

**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.