

**ECON 301
Money and Banking
Spring 10
Syllabus**

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Office Hours: Tuesday, Thursday: Noon-1:30 p.m. (unless otherwise posted) or by appointment.

Required Resources:

Textbook: Frederick S. Mishkin, *The Economics of Money, Banking, and Financial Markets*, 9th edition, Pearson Addison Wesley, 2010

Study Guide: Study Guide and Workbook to accompany the book listed above

Highly Recommended Resource:

The Wall Street Journal

Course Coverage: In this class we will discuss monetary institutions, the role of financial institutions in the macro economy, the linkages between the financial system and the macro economy, and the linkages between monetary policy and inflation.

Learning Objectives:

1. The student will understand some basic concepts from principles of macroeconomics. I'm going to give you a list of the concepts I want you to know from principles.
2. The student will understand the role of financial markets and financial institutions in the U.S. economy.
3. The student will understand the structure of the U.S. banking industry, the regulations that govern the operation of banks, and the balance sheet activities of commercial banks.
4. The student will understand the structure and role of the Federal Reserve System.
5. The student will understand the basic differences between the Monetarists and the Keynesians and how these differences lead to different conclusions concerning the effectiveness of monetary policy and the role of government in the economy.

Grades: The student's comprehension of the learning objectives will be evaluated through exams, class participation, the Fed Challenge, and problem sets. There will be three exams, a comprehensive final examination, and the Fed Challenge. If you are absent on an exam day due to a university-sanctioned event, you may take the exam early as long as you have scheduled that exam at least one week in advance. **NO late exams will be given.**

Source of Points	Maximum Points
3 exam scores	300
Fed Challenge	150
Final Exam	150
Total Points	600

<u>Points Earned</u>	<u>Grade</u>	<u>Percentage Score</u>
540-600	A	90-100
480-539	B	80-89
420-479	C	70-79
360-419	D	60-69
Below 300	F	Below 50

Use of the +/- system: I will use this system for anyone who has a borderline grade (grade within 10 points of the bottom or top of the range described above.) Whether you receive the higher or lower grade depends upon your class behavior. Higher grades will go to students who exhibit good classroom behavior. I reserve the right to change anyone's grade downward up to 10% for bad classroom behavior.

Exam Dates and Required Attendance Dates:

First Exam, Thursday, February 18, 2010
 Second Exam, Thursday, March 25, 2010
 Third Exam, Thursday, April 22, 2010 (may be adjusted depending upon FED Challenge date)

Presentation Week for Fed Challenge: My first preference is the week of April 26-29; my second preference is the week of April 19-22. Stephanie, the Administrative Assistant in the Department of Economics, is checking room availability at the Student Union and across campus. You will choose the date of the Fed Challenge, subject to room availability. This will be an evening presentation from 6-8 p.m. You are required to attend the presentation. This is your only assignment during the week that the FED Challenge is scheduled. There will be no class during this week. The time in the presentation replaces class time.

Final Exam: Thursday, May 13, 8-10 a.m.

Academic Integrity:

I will follow the rules set forth in the Code of Conduct, *The Student Handbook*, Boise State University. These rules define behavior that constitutes academic cheating and describe the penalties for academic cheating.

Fed Challenge:

The FED Challenge is a competition designed to expand your understanding of the Federal Reserve System's unique role in the economy and the importance of Federal Open Market Committee decisions. The class will be divided into four or five-member teams. Each team will undertake research and analyze data about current and near-term economic conditions. Based upon their understanding of the current and future state of the economy, the team will recommend a specific course for monetary policy by deciding whether to raise, lower, or maintain interest rates. The student teams will make 10-minute presentations before a panel of judges at a mock meeting of the Federal Open Market Committee. The student teams will be prepared to answer a variety of questions from the judges about both their research and general Federal Reserve information. The Fed Challenge will take place one night during last two weeks of April. We will choose that night fairly early in the semester. Attendance at the FED Challenge is required; this is your only classroom meeting during this week. (Non-attendance at this event will be rewarded with 0 of the 150 possible points.) The judges will determine the number of points that each team earns out of 150 points. I will invite my Intermediate Macro students and other interested students and faculty to attend the challenge and to participate in the question and answer period.

Chapters that We Will Cover This Semester

(Check Blackboard for daily assignments and announcements. I'll have each week posted by Sunday. Your grades are also posted on Blackboard.)

Chapter	Title
1	Why Study Money, Banking and Financial Markets? (and the Appendix)
2	An Overview of the Financial System
3	What is Money?
4	Understanding Interest Rates
5	The Behavior of Interest Rates
8	An Economic Analysis of Financial Structure
9	Financial Crisis and the Subprime Meltdown
10	Banking and the Management of Financial Institutions
13	Central Banks and the Federal Reserve System
14	The Money Supply Process
15	Tools of Monetary Policy
16	The Conduct of Monetary Policy: Strategy and Tactics
17	The Foreign Exchange Market
22	Aggregate Demand and Supply Analysis
23	Transmission Mechanisms of Monetary Policy: The Evidence
24	Money and Inflation
25	Rational Expectations: Implications for Policy

If by some miracle, we actually complete this assignment and have some time left over, we'll go back to pick up Chapters 11 and 12, Economic Analysis of Financial Regulation and Banking Industry: Structure and Competition, but we haven't had time to do that for the past two years.