

**Money and Banking (ECON 301)**  
**Course Syllabus**  
**Spring 2011**

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**Office Hours:** Tuesday and Thursday from noon-1:30 unless otherwise posted or by appointment.

**Required Resources:**

Frederick S. Mishkin, *The Economics of Money, Banking and Financial Markets*, 9<sup>th</sup> Edition, Pearson Addison Wesley, 2010

Study Guide and Workbook to accompany the book listed above

**Highly Recommended Resource:**

*The Wall Street Journal*

**Learning Objectives:**

- The student will understand some basic macroeconomics concepts.
- The student will understand the role of financial markets and depository institutions in the U.S. economy
- The student will understand the balance sheet activities of commercial banks.
- The student will understand the structure and role of the Federal Reserve System.
- The student will understand what interest rates are and how interest rates are determined.
- The student will understand the basic differences between the Monetarists and the Keynesians and how those differences lead to different conclusions concerning the effectiveness of monetary policy and the role of government in the economy.
- The student will understand how monetary policy affects the macro economy.

**COBE Core Curriculum Concepts, Methods, and Skills:**

Students in this class will also learn or practice the following COBE Core Curriculum concepts, methods and skills related to economics and finance:

2.1 Communicate effectively: Write messages and documents that are clear, concise, and compelling.

- 2.2 Communicate effectively: Give oral presentations that use effective content, organization, and delivery
- 3.0 Solve problems, including unstructured problems, related to business and economics
- 4.0 Use effective teamwork and collaboration skills.

**Grades:**

The student's comprehension of the learning objectives and the COBE Core Curriculum concepts, methods, and skills will be evaluated through exams, assignments, class participation, and participation and contributions to the paper written and class presentation for the Fed Challenge.

There will be two exams given during the semester and a comprehensive final exam. The two exams given during the semester will each be worth 100 points. The comprehensive final exam will be worth 150 points. Class participation is worth 50 points, graded assignments are worth 50 points, and the Fed Challenge is worth 150 points; 100 points for the presentation and 50 points for the paper upon which the presentation is based.

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 the exam at least one week ahead of time. **No late exams will be given.**

The Fed Challenge is a mock meeting of the Federal Open Market Committee, the monetary policy making committee of the Federal Reserve System. A detailed description of the Fed Challenge appears below. The Fed Challenge will take place one night during the last 2 weeks in April. Whether you have a choice of the night depends upon the availability of rooms on campus. During the week of the Fed Challenge, you will not meet your regularly scheduled classes in Money and Banking. You are **required** to attend the 3 hour night presentations for the Fed Challenge.

Class participation includes coming to class and behavior during class. If you come to class, but never actively participate in class, you will not earn more than 35 points for class participation.

Generally, at the end of each chapter, you are assigned a set of problems for class discussion or I will ask you to bring a particular type of article to class to use in a discussion. At least 5 of these assignments will be turned in for grading during the semester.

Therefore, as described in the table below, there are 600 points to earn this semester. Grades will be determined by the 90, 80, 70, 60 scale described in the table below. I use the +/- system for anyone who has a borderline grade (grade within 10 points of the bottom or top of the range described below). Whether you receive the higher or lower grade depends upon your class behavior and whether you've completed the assignments

given. I reserve the right to change anyone's grade downward up to 10% for bad classroom behavior.

Source of Points	Maximum Points
2 exam scores	200
Fed Challenge	150
Participation	50
Assignments	50
Final Exam	150
Total Points	600

Points Earned	Grade	Percentage Score
540-600	A	90-100
480-539	B	80-89
420-479	C	70-79
360-419	D	60-69
Below 359	F	Below 60

### **Exam Dates and Required Attendance Dates:**

First Exam: Thursday, February 24

Second Exam: Thursday, April 14

Fed Challenge: One night the last 2 weeks in April

Final Comprehensive Exam: Thursday, May 12, 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 less member teams. Each team will undertake research and analyze data about current and near-term economic conditions. The team will write a paper detailing their research results. This paper will be the basis for the presentation that the team makes during the FED Challenge.

Based upon their understanding of the current and future state of the economy, the team will recommend a specific course for monetary policy by writing a policy statement. 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 100 possible points.) The judges will determine the number of points that each team earns from the class presentation. 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.

I will grade the paper based upon content, writing style, etc. The paper is due one week before the date of the Fed Challenge.

### **Chapters Covered this Semester**

Check Blackboard for weekly assignments and announcements. I'll post weekly assignments by Monday afternoon each week. Your grades will also be posted on Blackboard.

<b>Chapter</b>	<b>Title</b>
1	Why Study Money, Banking and Financial Markets?
2	An Overview of the Financial System
3	What is Money?
4	Understanding Interest Rates
5	The Behavior of Interest Rates
10	Banking and the Management of Financial Institutions
9	Financial Crisis and the Subprime Meltdown
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
19	The Demand for Money
22	Aggregate Demand and Supply Analysis
23	Transmission Mechanisms of Monetary Policy: The Evidence
24	Money and Inflation
25	Rational Expectations: Implications for Policy