Indiana University Purdue University Indianapolis
Department of Economics
Fall Semester 2013

Syllabus for ECON E305 Section 21524: Money and Banking

Draft please!

Indiana University: Code of Student Conduct
A student who enrolls in this course agrees to:
• be ethical in his or her participation in the academic community,
• take responsibility for what he or she says and does,
• behave in a manner that is respectful of the dignity of others, treating others with civility and understanding, and
• use university resources and facilities in appropriate ways consistent with their purpose and in accordance with applicable polices.

Instructor
Oladele Omosegbon, Ph.D.
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CA 516
317-450-0993

Class meets
MW 10:30am – 11:45am in CA 239

Office hours
Monday 4:45pm – 5:45pm

Course description
Money and banking system of the United States, including problems of money and the price level, proper organization and functioning of commercial banking and Federal Reserve System, monetary standards, and credit control. Recent monetary and banking trends.

Course goal
To assist the students in the understanding of how financial markets (for bonds, stocks and foreign exchange) and financial institutions (banks, insurance companies, mutual funds) work and to understand the role of money in the U.S. economy.

Required textbook

MyEconlab
pearsonmylabandmastering.com
Grading Scale in %

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<thead>
<tr>
<th>Letters</th>
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<tr>
<td>A+</td>
<td>97-100</td>
<td>B+</td>
<td>85-88</td>
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<td>73-76</td>
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<td>B</td>
<td>81-84</td>
<td>C</td>
<td>69-72</td>
<td>D</td>
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<td>B-</td>
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<td>D-</td>
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**Homework**

Individual homework is assigned at different intervals throughout the course. On each due date given in ://www.myeconlab, you must submit your work (by 11:45pm).

**Class website:** ://oncourse.iu.edu/ and pearsonmylabandmastering.com

**Summary listing of assessments and when due**

<table>
<thead>
<tr>
<th>Assessment</th>
<th>%</th>
<th>Due</th>
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<tbody>
<tr>
<td>Individual homework</td>
<td>20</td>
<td>Every week or as assigned.</td>
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<tr>
<td>Quizzes (4) @3.75%</td>
<td>15</td>
<td>Weeks 4, 7, 13 and 16</td>
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<tr>
<td>Midterm</td>
<td>15</td>
<td>Week 10</td>
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<tr>
<td>Final exam</td>
<td>25</td>
<td>Week 17 (12/16/2013)</td>
</tr>
<tr>
<td>Paper</td>
<td>5</td>
<td>11/11</td>
</tr>
<tr>
<td>Attendance &amp; participation</td>
<td>10</td>
<td>Every class meeting</td>
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<tr>
<td>Group Presentation/Discussions</td>
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<tr>
<td>In-class problem solving</td>
<td>5</td>
<td>As assigned</td>
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<tr>
<td>Paper on applications</td>
<td>5</td>
<td>As determined</td>
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<tr>
<td>Total</td>
<td>100</td>
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**Paper**

An individual paper is required. The issue of interest to you depends on your understanding of the materials covered in the course so far. Write a short paper on this issue. See suggested topics below. Your report should demonstrate your understanding of money, banking and the financial markets, and should be in your own words. Your report cannot exceed three pages, double spaced and type written, letter-size paper (8.5" x 11"). Include graphs and tables as necessary.

**Due date:** November. Only hard copy submissions are allowed.
Suggested topics
Growth rates and the inflation rate p.24
Money market instruments, p.30
Contractual savings institutions, p.43
Investment intermediaries, p.44
Missing U.S. dollars, p.60
How much is that jackpot worth? p. 68
Negative T-Bill rates, p.77
The yield curve as a forecasting tool for inflation and the business cycle, p.136
Collateralized Debt Obligations, CDOs, p.193
Was the Fed to blame for the Housing Price Bubble? P.195
Rogue traders and the Principal-Agent Problem, p237
The Subprime Mortgage Crisis, p254
“Clicks” and “Bricks” in the banking industry, p.276
The Eurodollar market, p.295
Should the Fed be independent? p.314
Greenspan and Bernanke compared, p.314
Money supply and bank panics, p.346
A day at the trading desk of the Fed, p.366
Foreign Exchange rates, p.422
The Fed and trading in foreign exchange, p.447
The Euro’s challenge to the dollar, p.454
How should the IMF operate? p.465
Pegging exchange rates, p469
Quantity theory and inflation, p.483
Fiscal stimulus, p.508
The Taylor Rule, p.516
Phillips Curve, p.562
Quantitative Easing, p.573
The Great Recession, p.617

The Fed
Go to: ://www.federalreserve.gov/monetarypolicy/default.
Follow the menu there to identify any relevant monetary policy issue of interest to you.
You must be specific. The issue of interest to you depends on your understanding of the materials covered in the course. As an example, you may be interested in how the Fed applies a particular tool (say Reserved Requirements) or a set of tools of monetary policy or you might be interested in the latest minutes of the Federal Open Market Committee released on this site or still, you might find an issue posted on YouTube or Facebook, from this site, of interest to you.

Paper on applications
This is a group paper for in-class presentations. A group is made up of not less than three and no more than five members. Presentations are based on Financial Crises and the Subprime Meltdown which are materials from chapter 9 of the class text. Students are to apply knowledge gained in the course to write a report on any aspect of the financial crises that picks their interest. Each group will have to search for an article or a write-up
on the aspect of interest. You can search any database or resource, particularly scholarly sources in journals, financial and money magazines, periodicals, academic journals, news and the like. There are three aspects to the report, which should not exceed three type written double line spaces in length.

a. **Topic:** Please identify the topic, probably the title, the author and the source, i.e. full citation

b. **Summary:** In no more than one page, summarize what the author has written about the topic. This is not the group’s position or opinion, but that of the author or authors in the article being studied.

c. **Analysis:** This cannot exceed two pages. This should contain an evaluation of the author’s positions, claims and hypotheses. This section is the position of the group based on the materials from this article and employing i.e. applying the knowledge gained from this course on *money and banking*. The group can agree, disagree or be ambiguous about the author’s position but must justify, that is to say, provide reasoned arguments in doing so. Evidence is needed, and this evidence could be data or could be from the principles of the *economics of money and banking*. This section also contains the conclusion of the report. Each group is required to make a PowerPoint presentation, not to exceed ten minutes, before the class. Presentations can begin as soon as each group is ready. Groups are accommodated on a first come first served basis. All presentations must end during Week 15 (November 25-29).
Topics

Week 1: Aug 19-23.
   Why Study Money and Banking: Chapter 1

Week 2: Aug 26-30

Week 3: Sept 2-6
   Sept 2, Labor Day. Holiday (No Class!)

Week 4: Sept 9-13
   Quiz #1.
   What is Money? Chapter 3

Week 5: Sept 16-20
   Understanding Interest Rates. Chapter 4

Week 6: Sept 23-27
   The Behavior of Interest Rates. Chapter 5.

Week 7: Sept 30-Oct 4
   Quiz #2
   Financial Crises. Chapter 9
   Presentations on Applications begin.

Week 8: Oct 7-11
   Analysis of Financial Regulation. Chapter 11

Week 9: Oct 14-18
   Fall Break. No Class!

Week 10: Oct 21-25
   Midterm

Week 11: Oct 29-Nov 1

Week 12: Nov 4-8
   Presentations on Applications

   Quiz #3
The Tools of Monetary Policy. Chapter 15
Individual Paper is Due

Week 14: Nov 18-22
The Foreign Exchange Market: Chapter 17

Week 15: Nov 25-29
Nov 27, Thanksgiving Recess. No Class!
The Quantity Theory of Money. Chapter 19
Presentations on Applications.

Week 16: Dec 2-6
Quiz #4
The International Financial System. Chapter 18
Presentations on Applications.

If Time Permits, Aggregate Demand and Aggregate Supply Analysis. Chapter 22.

Week 17: Dec 9-13
Course Review and Summary
Class Ends

December 16: Final Exam, 10:30am to – 12:30pm.

**Course administration, preparation, attendance, and in-class engagement**
- Regular and prompt attendance is necessary for good performance in this course
- It is expected that students come to class well prepared. Failure to cover assigned and relevant materials may lead to difficulty in following the course
- Details of group class presentations on applications would be given during the first week of class meeting
- Late completion/submission of assignments is not allowed
- Excused absences must be sought and obtained prior to the day of absence, except, of course, in cases of sudden illness and IUPUI’s officially excused absences, due to, for instance, sports or participation in religious and artistic programs.
- Any violation of the aforementioned conditions would result in lower scores or points on the affected assessment, test or homework. Point loss could range from 1 to 10 percentage points, depending on the severity of the violation.
- Persistent, unexcused absences of more than three times are a ground for a failed grade in this course.
- Use my e-mail address to send messages. I cannot guarantee a response if the message is left on Oncourse. Specify your name and the class code (E305) at the beginning of your e-mail or on the subject line.
- All class related materials will be posted on the class website: ://oncourse.iu.edu/
  Homework, quizzes and exams will be posted on ://www.myeconlab.
- Each homework is due at 11:45pm of the Sunday preceding the next class
• All quizzes and tests are set for Sundays!
• The final exam is comprehensive, but most of the questions on topics covered prior to the midterm are actual questions previously examined (i.e. most are repeat questions from any or all of previous homework, quizzes, class exercises or midterm).

Academic integrity
The IUPUI Code of Student Rights ://www.iupui.edu/~fcouncil/documents/student_code_4-5-05. defines the forms of academic misconduct (cheating, fabrication, plagiarism, interference, violation of course rules, and facilitating academic dishonesty) that are not tolerated in this class.

Disabilities
If a student has a disability that qualifies under the Americans with Disabilities Act (ADA) and requires accommodation, he/she should contact the Office of Adaptive Education Services, AES, for information on appropriate policies and procedures. Disabilities covered by ADA may include learning, psychiatric, physical impairments, or chronic health disorders. Students should contact AES if they are not certain whether a medical condition/disability qualifies. Accommodation should be made prior to the event. To apply for AES services, please, contact the AES Coordinator at (812)314-8539.

Withdrawals
Please, check IUPUI’s Academic Calendar for details. For on campus visit to the Registrar, go to Campus Center, Suite 250.

Administrative Withdrawals
Administrative Withdrawal: A basic requirement of this course is that you will participate in all class meetings and conscientiously complete all required course activities and/or assignments. Keep in touch with me if you are unable to attend, participate, or complete an assignment on time. If you miss more than half of the required activities within the first 25% of the course without contacting me, you may be administratively withdrawn from this course. Our course meets twice per week; thus if you miss more than four classes in the first four weeks, you may be withdrawn. Administrative withdrawal may have academic, financial, and financial aid implications. Administrative withdrawal will take place after the full refund period, and if you are administratively withdrawn from the course you will not be eligible for a tuition refund. If you have questions about the administrative withdrawal policy at any point during the semester, please contact me.

Religion
The course outline lists the dates of exams and other assessments. Contact me at the beginning of the course with the accommodations of any religious issues.
How to Register and Enroll in Your MyEconLab Course

MyLab & Mastering
Student Registration Instructions
To register for ECON E305 : Money and Banking - Monday/ Wednesday:
2. Under Register, click Student.
3. Enter your instructor’s course ID: omosegbon91473, and click Continue.
4. Sign in with an existing Pearson account or create an account:
   · If you have used a Pearson website (for example, MyITLab, Mastering, MyMathLab, or MyPsychLab), enter your Pearson username and password. Click Sign in.
   · If you do not have a Pearson account, click Create. Write down your new Pearson username and password to help you remember them.
5. Select an option to access your instructor’s online course:
   · Use the access code that came with your textbook or that you purchased separately from the bookstore.
   · Buy access using a credit card or PayPal.
   · If available, get 14 days of temporary access. (Look for a link near the bottom of the page.)
6. Click Go To Your Course on the Confirmation page. Under MyLab & Mastering New Design on the left, click ECON E305 : Money and Banking - Monday/ Wednesday to start your work.

Retaking or continuing a course?
If you are retaking this course or enrolling in another course with the same book, be sure to use your existing Pearson username and password. You will not need to pay again.

To sign in later:
2. Click **Sign in**.
3. Enter your Pearson account username and password. Click **Sign in**.
4. Under MyLab & Mastering New Design on the left, click **ECON E305 : Money and Banking - Monday/Wednesday** to start your work.

**Additional Information**

See **Students > Get Started** on the website for detailed instructions on registering with an access code, credit card, PayPal, or temporary access.