

Moravian College
Department of Economics and Business
Economics 220: Money, Banking, and Financial Policy
Fall 2013 (M W F 2:35 – 3:45 PM)

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Office Hours: M W 4:00-5:00 PM, Tu 2:00-4:00 PM, and by appointment

Prerequisites: ECON 152

Text: Dean Croushore, *M&B*, 2012, 2nd edition. Please bring it to class every day!

Course Objectives: The course discusses the role of money, financial markets, and the central bank in the economy. It will make you conversant with new economic concepts and enable you to recognize them as you watch the news and read the newspaper. You will be able to:

- Understand the basics of financial markets and the fragility of the banking system
- Appreciate the connection between Main Street and Wall Street
- Recognize market failures stemming from asymmetric information
- Evaluate monetary policy and the role of the Federal Reserve System
- Exhibit familiarity with economic terminology, institutions, and models

Requirements

Homework is due every time we finish a chapter; additional handouts are also required. Doing homework is the best way to learn the material—and some homework problems are on the exams! Every neat and completed homework counts for 0.5% of your grade; it is not graded. I distribute or post answers to all HW, and I review selected HW problems in class.

Please turn in all HW before class time on the day it is due. I do **not** accept late HW.

- If you are doing HW with someone else, you must **acknowledge** any help received – or provided – by writing the other student's or tutor's name on your HW.
- If you fail to do the HW, your final grade will be two fractions of a grade lower. Moreover, you will struggle with the exams, which will endanger your grade.

Reading assignment 1: In a newspaper or magazine, find a short (one-page) article dealing with a financial calculation topic, and print or Xerox it. Briefly analyze the article using the material we have studied. I will provide a template for this assignment. Due date is Wednesday, September 25, in class. The assignment is worth 2.5% of your grade.

Reading assignment 2: Follow the same instructions and find an article dealing with a banking topic. Due date is Wednesday, October 23, in class (for 2.5% of your grade).

An excellent source I encourage you to read is The Economist at www.economist.com or the library resources. Other good sources are national newspapers, such as The New York Times or The Wall Street Journal. A blog is generally a bad source.

There are two **quizzes** and two **exams**. I provide all necessary formulas on the board or on a handout, but you must memorize the simplest ones. I also offer an optional **final** exam, which can replace your lowest exam or quiz grade. There are **no make-up** exams. If you miss one quiz or exam, you must take the final exam.

You must not **leave** the class or **use phones** during any exam. **Calculators** are allowed. You must **keep** all materials (HW, readings, and exams) that I have checked until you receive your final grade on Amos.

Tentative Exam **Dates**

Quiz 1:	September 18 (Wednesday)
Exam 1:	October 9 (Wednesday)
Quiz 2:	November 6 (Wednesday)
Exam 2:	November 20 (Wednesday)
Final Exam:	December 10 (Tuesday at 8:30 AM)

Expectations

Some of you may find economics a bit challenging, but with diligence and dedication all of you can earn a good grade. I encourage you to see me during office hours, both alone and in groups. To ease your HW and exam preparation, I post notes and make announcements on **Blackboard**. Check the site regularly!

	Time per week	14 weeks	Hours
In-class time			34
Syllabus review			1
Movie: Money for Nothing (9-17-13)			3
Reading	4		56
HW	3		42
Reading <i>The Wall Street Journal</i>	1		14
Evening Reviews			5
Reading Assignments			14
Final Exam			<u>5</u>
Total			174

I usually **curve** the exams (up to 100%) to give half the class As and Bs.

Grading

Homework.....	8%
Two Readings.....	5%
Two Quizzes.....	24%
Two Exams.....	63%

Grading Scale

	93 - 100: A	90 - 92.99: A-	
87 - 89.99: B+	83 - 86.99: B	80 - 82.99: B-	
77 - 79.99: C+	73 - 76.99: C	70 - 72.99: C-	
67 - 69.99: D+	63 - 66.99: D	60 - 62.99: D-	00 - 59.99: F

Attendance Policy

I urge you to come to class regularly! Attendance does not enter your grade directly, but it has a large impact indirectly. It allows you to participate, learn from your classmates, and get a better sense of what is important. Moreover, the lectures and the text reinforce one another.

Academic Honesty Policy

I encourage you to study in groups and to discuss all homework, but you must write the name of all students in the study group on your homework **and** you must write your own answers to earn any credit. If you work in groups, acknowledge it, yet provide the same answers, you will earn one credit for the entire group.

The following rule holds for both homework and exams: If you copy an answer from another student or if you let another student copy from you, you will receive **zero** for the whole assignment or exam. Note that the punishment is the same for both parties.

Beware of **plagiarism**! If you are lifting phrases (of more than three consecutive words) or definitions from the textbook, the web, or any other source, use quotation marks and provide the page number, the URL, or the source citation. If you fail to use quotes, you will get **zero** for the HW or for the reading assignment.

Read the college academic honesty policy at
<http://www.moravian.edu/studentLife/handbook/academic/academic2.html>

For a related issue on how economists deal with conflict of interest, see American Economic Association rule disclosure at <http://chronicle.com/article/Economists-Adopt-New/130257/>

Special Accommodations

Students who wish to request accommodations in this class for a disability should contact Elaine Mara, assistant director of learning services for academic and disability support at 1307 Main Street, or by calling 610-861-1510. Accommodations cannot be provided until authorization is received from the Academic Support Center.

Schedule

Week of:	Topics	Text
August 26	Introduction to Money and Banking The Financial System and the Economy	Chapter 1 Chapter 2
September 2 (1 class)	<u>Labor Day</u> Money and Payments	Chapter 3
September 9	Present Value	Chapter 4
September 16	Real Interest Rates Film: <i>Money for Nothing</i> (9-17-13) Quiz 1 (9-18-13)	Chapter 6 Chapters 1-4
September 23	Stocks and Other Assets	Chapter 7

	Reading Assignment 1 (9-25-13)	
September 30	How Banks Work	Chapter 8
October 7	Review Exam 1 (10-09-13)	Chapters 1-4 & 6-8 Chapters 1-4 & 6-8
October 14 (1 class)	<u>Fall Break</u> Government's Role in Banking	Chapter 9
October 21	Economic Growth and Business Cycles Modeling Money Reading Assignment 2 (10-23-13)	Chapter 10 Chapter 11
October 28	The AD-AS Model	Chapter 12
November 4	Economic Interdependence Quiz 2 (11-06-13)	Chapter 14 Chapters 9-12
November 11	The Federal Reserve System Monetary Control	Chapter 15 Chapter 16
November 18	Review Exam 2 (11-20-13)	Chapters 9-12&14-16 Chapters 9-12&14-16
November 25	<u>Thanksgiving Break</u>	
December 2	Monetary Policy: Goals and Tradeoffs Review and Evaluations	Chapters 17
December 10	Final Exam (Tuesday, 8:30 AM)	Selected Chapters

The syllabus is subject to change—noted on Blackboard.