

Moravian College
Department of Economics and Business
Economics 220: Money, Banking, and Financial Policy
Fall 2014 (M W F 1:10 – 2:35 PM)

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Office Hours: M W 4:00-5:30 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 addresses the role of money, financial markets, and the central bank in the economy. It will make you conversant with many economic concepts you will encounter as you watch the news and follow other news media. 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 in a global setting

Requirements:

Homework is due every time we finish a chapter or read an article. 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 (up to 8%), but it is not graded. I distribute or post answers to all HW, and I review selected HW problems in class.

- Turn in all HW before class time on the day it is due. I do not accept **late** HW.
- Make **two** copies of HW 8 and 17 so you can turn one in and keep the other.
- On every HW, write the names of **all** people that assisted you or whom you helped.

Reading assignment: Find a short (one-page) article dealing with a topic from Chapters 1-12, print or Xerox it, and analyze it using the relevant material. Due date is Monday, November 10, in class. The assignment, worth 3% of your grade, is posted on *Blackboard*. Excellent sources are The Economist, at www.economist.com or the library resources, and national newspapers, such as The New York Times or The Wall Street Journal. A blog is generally a bad source.

There are four **exams** and **no make-ups** during the semester. I provide all necessary formulas on the board or on a handout. I also offer an optional **final** exam, which can replace your lowest exam grade. If you miss one exam, you must take the final exam. You must **not leave** the class or **use phones** during any exam. **Calculators** are permitted for all exams.

Exam Dates:

Exam 1:	September 17 (Wednesday)
Exam 2:	October 8 (Wednesday)
Exam 3:	November 5 (Wednesday)
Exam 4:	December 1 (Monday)
Final Exam:	December 10 (Wednesday at 8:30 AM)

Two short **regression** projects, each counting for 4% of your grade, are assigned in connection with Chapter 6 (Fisher hypothesis) and Chapter 11 (liquidity effect).

You must **keep** all materials (HW, readings, and exams) that I have checked until you receive your final grade on Amos.

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
Rabbi Daniel Lapin (10-29-14)			3
Reading	4		56
HW	3		42
Reading <i>The Wall Street Journal</i>	1		14
Evening Reviews			5
Reading Assignment			14
Final Exam			<u>5</u>
Total			174

Grading:

Homework.....	9%
Article.....	3%
Two Regression Projects.....	8%
Four Exams.....	80%

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

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

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 discuss all homework, but you must write the names of all students in the group on your homework **and** you must write your own answers. If you work in groups, acknowledge it, yet provide the same answers, you earn **one** credit for the 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 **web**, or any other source, use quotation marks and provide a proper source citation. If you fail to use quotes, you will get **zero** for the HW, the projects, or the reading assignment. If you are quoting from the textbook, a page reference is sufficient.

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

Special Accommodations:

Students who wish to request accommodations in this class for a disability must contact Ms. Elaine Mara, assistant director of academic support services for academic and disability support, at the lower level of Monocacy Hall, or by calling [610-861-1401](tel:610-861-1401). Accommodations cannot be provided until authorization is received from the Academic Support Center.

Schedule

<u>Week of:</u>	<u>Topics</u>	<u>Text</u>
August 25	Introduction to Money and Banking The Financial System and the Economy	Chapter 1 Chapter 2
September 1 (no Labor Day!)	Money and Payments Present Value	Chapter 3 Chapter 4
September 8	The Structure of Interest Rates Regression review	Chapter 5 Handout
September 15	Real Interest Rates Regression Project: Fisher (9-15-14 for the data) Exam 1 (9-17-14)	Chapter 6 Chapters 1-4
September 22	Stocks and Other Assets High frequency trades Regression Project: Fisher (9-24-14)	Chapter 7
September 29	How Banks Work	Chapter 8
October 6	Review Exam 2 (10-08-14)	Chapters 5-8 Chapters 5-8
October 13 (1 class)	<u>Fall Break</u> Government's Role in Banking	Chapter 9
October 20	Economic Growth and Business Cycles Regression Project: Liquidity (10-20-14 for the data) Modeling Money	Chapter 10 Chapter 11

October 27	The AD-AS Model Regression Project: Liquidity (10-29-14) Daniel Lapin (10-29-14)	Chapter 12 Foy Hall at 7:30pm
November 3	Economic Interdependence Exam 3 (11-05-14)	Chapter 14 Chapters 9-12
November 10	The Federal Reserve System Reading Assignment (11-10-14) Monetary Control	Chapter 15 Chapter 16
November 17	Monetary Policy: Goals and Tradeoffs Review	Chapter 17 Chapters 14-17
November 24 (1 class)	Film: <i>Money for Nothing</i> (11-24-14) <u>Thanksgiving Break</u>	
December 1	Review (noon on 12-1-14) Exam 4 (12-1-14) Review and Evaluations	Chapters 14-17 Chapters 14-17
December 10	Final Exam (Wednesday, 8:30 AM)	Selected Chapters

You are responsible for following all rules state on this syllabus

The syllabus is subject to change—noted on Blackboard