

# Money & Banking

## ECO353



Section: 1

Term: **Spring 2020**

Department: **School of Economics**

Credit: **3 Hours**

Meeting: **Mon, Wed 3:30-4:45 PM Lengyel Hall/Gym 127**

Instructor: **Dr. Thomas F. P. Wiesen**

Office: **Winslow Hall 207C**

Office Hours: **Thursday 2:30-5:00pm or by appointment**

Email: **thomas.wiesen@maine.edu**

## Class Details

### Textbook and Materials

- *The Economics of Money, Banking, and Financial Markets*, 12<sup>th</sup> edition by Mishkin  
ISBN: 0134733827 (“the Mishkin textbook”)
- *Modeling Monetary Economies*, 4<sup>th</sup> edition by Champ, Freeman, and Haslag  
ISBN: 1316508676 (“the modeling textbook”)

Both the Mishkin and modeling textbooks are required for class.<sup>1</sup> Unfortunately, the Mishkin textbook is on the expensive side. Therefore, you may want to rent the textbook or buy a used one. The UMaine bookstore should sell both textbooks. During the flipped class days, I strongly recommend you bring the Mishkin textbook to class.

Please bring paper (or some type of notebook), a writing instrument, and a basic calculator to every class. Students will need a basic calculator for many of the in-class activities, the tests, and the final exam. Sharing calculators will not be allowed for the tests and final exam. There is no need for a graphing calculator or anything programmable—a basic calculator will suffice. You will not be able to use your cell phone as a calculator on the tests or final exam.

### Course Details according to the UMaine Course Catalog

Examines the American banking and financial system including monetary theory and policy. Traditional A-F grading. This class is typically offered every spring semester. Official Prerequisites: ECO120 (Principles of Microeconomics) and ECO121 (Principles of Macroeconomics).

### Course Description

Of all the inventions that have evolved to facilitate human interactions, money is certainly one of the most important. Throughout history, money has made it easy for people to specialize, produce, trade, and prosper in the face of scarcity. Money is essentially a tool—like the wheel or the steam engine—and without it, the world would be a very different (and poorer) place. We will define what money is, develop and understanding of its role in the American banking system, and learn tools to model monetary economies. This will include a rigorous understanding of the theory and practice of the

<sup>1</sup> Here are links to purchase the textbooks online:

[https://www.amazon.com/Economics-Money-Banking-Financial-Markets/dp/0134733827/ref=dp\\_ob\\_title\\_bk](https://www.amazon.com/Economics-Money-Banking-Financial-Markets/dp/0134733827/ref=dp_ob_title_bk)

[https://www.amazon.com/Modeling-Monetary-Economies-Bruce-Champ-dp-1316508676/dp/1316508676/ref=mt\\_paperback?\\_encoding=UTF8&me=&qid=](https://www.amazon.com/Modeling-Monetary-Economies-Bruce-Champ-dp-1316508676/dp/1316508676/ref=mt_paperback?_encoding=UTF8&me=&qid=)

monetary policy. Namely, how do central banks stabilize prices, influence real output, and mitigate financial crises.

Many Money & Banking courses at American colleges are taught as a list of institutional facts and figures to memorize. These, of course, are important—students learning about the American monetary system should know whom the Federal Reserve Chairperson is and that the Federal Reserve System is organized into twelve districts. However, such facts do not require in-depth or in-person explanation; whether I mention these facts in class or students read them in a textbook does not matter. Thus, students might as well learn these facts that need no explanation by reading them in the Mishkin textbook. This allows us to focus on the mathematical models that economists use to understand monetary economies, which require in-depth explanation.

I will assign required readings from the Mishkin textbook. Approximately every third class (see calendar for details), we will have a flipped class where students do group, in-class activities exercising the knowledge they learned from reading the Mishkin textbook. These flipped classes are akin to doing “homework” in class in a peer-learning and supervised environment where students can get answers to their questions in real time. Students must come prepared to these classes by doing the assigned reading beforehand. It is recommended that students bring the Mishkin textbook to class on flipped class days. Student presentations will also be conducted on these flipped class days.

In the other two thirds of classes, I will give lessons/lectures on the rigorous economic models used to model monetary phenomenon. Students should be expected to do a considerable amount of math in this class. These economic models will be algebra-based, but not calculus-based. As an “unofficial” prerequisite, students should come to class knowing how to solve an algebraic system of equations (e.g.,  $Y=aX+b$  and  $Y=cX+d$  and solve for  $Y$  and  $X$ ). It is also recommended that students have taken ECO350 (Intermediate Microeconomics) before taking this class. But this is just a recommendation; it is not an “official” prerequisite.

### **Grades**

Grades will be determined by in-class activities, a class presentation, 2 tests, and one cumulative final examination with the following weights:

In-class activities	18%
Class Presentation	12%
Test 1	20%
Test 2	20%
Final Exam	30%

Each flipped class day will have an in-class activity.

The two tests and the final exam will cover content from (1) the assigned reading of the Mishkin textbook and (2) the class lectures based on the modeling textbook.

The table below gives the grade distributions. These are minimum scores and if need be, I will introduce a “curve.” The curve will consist of lowering the minimum percentages required for a particular grade. For instance, a typical curve may consist of making the minimum score for an “A” 92% instead of 93.3% points. However, you should in no way depend on the curve since the curve is NOT guaranteed, and if I do implement it, it may be very small. All students should take all tests

and exams. I will not drop any grades of any assessments. All questions regarding grades will be directed to this section in the syllabus.

Total Points	Letter Grade	Transcript GPA points
100-93.3%	A	4.00
93.2-90.0%	A-	3.67
89.9-86.7%	B+	3.33
86.6-83.3%	B	3.00
83.2-80.0%	B-	2.67
79.9-76.7%	C+	2.33
76.6-73.3%	C	2.00
73.2-70.0%	C-	1.67
69.9-66.7%	D+	1.33
66.6-63.3%	D	1.00
63.2-60.0%	D-	0.67
59.9-0%	F	0.00

### **Class Presentations**

Twelve percent of your grade will be based upon a presentation. Each student will do a class presentation on one of the flipped class days. Flipped class days will have multiple students presenting. Each student's class presentation should be approximately five minutes in length and should be accompanied by PowerPoint slides. If you have a laptop, I recommend bringing it to class on the day of the presentation to connect it to the projector. Please email the professor your presentation slides.

Why are class presentations a part of this class? During the course of your future career, there will probably be times when you have to explain some economic concept to your boss or a client. Your boss may ask you to explain to him/her why you performed the particular economic analysis you did. A consulting client may ask how you arrived at your conclusion. It is important to know how to explain technical/economic concepts to people who are smart but do not have the same training in economics that you do. Furthermore, an excellent test of your understanding of something is your ability to explain it to others in your own words.

The theme of each presentation will revolve around one of the assigned chapter/section readings of the Mishkin textbook that is due that day. Each presentation should consist of three things.

- (1) Why is the topic of this chapter/section important? What relevance does it have to today's economy? And why is the knowledge learned in this chapter useful?
- (2) A brief synopsis of the chapter/section. Explain things in your own words; do not simply recite explanations verbatim from the textbook. Explain things accurately, clearly, and succinctly. If your whole presentation goes more than 8 ½ minutes, I will cut you off. Thus, I suggest practicing and timing out the presentation beforehand.
- (3) Include something interesting on the topic that you could not have learned from reading the chapter/section. For example, this could include pertinent information from a popular press news article (e.g., [Reuters](#), [The Wall Street Journal](#), [Bloomberg](#), [CNBC](#), [The Economist](#), etc.) or something you learned from an economics themed podcast (e.g., [Freakonomics](#)).

If a student has an unexcused/undocumented absence on the day he/she was meant to present or if the student is not prepared to do the presentation, then the student will be allowed to make-up the presentation during the next flipped class. However, the student's presentation grade will be decreased by 30%. For example, if a student normally earned a 90% on the presentation, then the student will earn  $90(1-.3)=63\%$ .

While each student's presentation will revolve around specifically assigned sections/subsections from the Mishkin textbook, students are still responsible for reading all of the assigned readings listed in the calendar below.

### **Reading Assignments**

The calendar below list the required readings from the Mishkin textbook and when students should complete each reading. Students should read all of the assigned readings. Readings should include main text, MyLab Economics Mini-lectures, Global boxes, Inside the Fed boxes, Applications, FYI boxes, and Following Financial News boxes.

Students will need to have completed the readings to do the in-class activities and do the tests. These reading assignments should be thought of as homework. In other classes, if a student decides to not to any of the homework, then the student will likely not pass that class. Similarly, with this class, if a student decides not do to the readings, then the students should not expect to pass this class.

### **What to Expect in Class**

I primarily convey course content through writing on the board. I very strongly recommend that students take notes in class and write down anything I write on the board. With the exception of showing tables/figures, I do not typically use PowerPoint slides. The content I will focus on during lecture days will be from the modeling textbook.

## **Tentative Calendar and Important Dates**

Date	Description	Assignments Due
Wednesday, January 22	First day of this class	
Monday, January 27	Lecture class; Add/Drop ends	
Wednesday, January 29	Lecture class	presentation reading assignment block preferences due*
Monday, February 3	Lecture class	
Wednesday, February 5	Lecture class	
Monday, February 10	Flipped class	readings: Ch2 (pages 22-45)
Wednesday, February 12	Lecture class	
Monday, February 17	No class, President's Day	
Wednesday, February 19	Lecture class	
Thursday, February 20	Last day to drop class & it not appear on transcript (4:30pm)	
Monday, February 24	Flipped class	readings: Ch3 (pages 49-59) and Ch4 (pages 64-83)

Wednesday, February 26	Lecture class	
Monday, March 2	Lecture class	
Wednesday, March 4	Flipped class	readings: Ch5 (pages 86-113)
Monday, March 9	Test 1	Do ungraded study guide problems
Wednesday, March 11	Lecture class	
Monday, March 16	No class, spring break	
Wednesday, March 18	No class, spring break	
Monday, March 23	Flipped class	readings: Ch9 (pages 188-212) and Ch10 (pages 217-232)
Wednesday, March 25	Lecture class	
Monday, March 30	Flipped class	readings: Ch13 (pages 294-315)
Wednesday, April 1	Lecture class	
Monday, April 6	Lecture class	
Wednesday, April 8	Flipped class; Last day to withdraw from class and get "W" grade (4:30pm)	readings: Ch14 (pages 218-338)
Monday, April 13	Lecture class	
Wednesday, April 15	Test 2	Do ungraded study guide problems
Monday, April 20	Lecture class	
Wednesday, April 22	Lecture class	
Monday, April 27	Flipped class; Last day of this class	readings: Ch15 (pages 343-365)
Wednesday, April 29	No class, Maine Day	
TBD	Final examination (time TBD)	
Friday, May 15	Final grades due	

\*Students must email their ranked top 5 reading assignment block numbers to the professor by 5pm on Wednesday, January 29. See the presentation rubric document for reading assignment block number topics.

## **Class Policies**

### **Attendance**

I will not regularly take attendance on a lecture days. In that sense, attendance is not technically mandatory on those days. However, attendance is expected and missing class is highly frowned upon. If you do miss a lecture class, be sure to get the missed notes from a classmate. Attendance is required on flipped class days.

If you miss a test or flipped class day, then your absence must be documentable. If it is a "of the moment" type absence, such as illness, please let me know at least by the morning before the class. If you are sick enough to miss a test, then you are sick enough to go to the University health services and get a note. If the absence was known in advance, such as jury duty or a family wedding, please let me know at least 3 days in advance. I reserve the right to see the documentation for the absence. If I deem the reason for the absence as excusable, then you will be allowed to make up the test or do the in-class activity on your own outside of class.

With the exception of very extreme circumstances, final exam make-ups will not be allowed.

**Classroom conduct**

You are expected to act professionally in the classroom. This expectation includes, but is not limited to: being quiet, silencing your cellular device, respecting other students, respecting the instructor, and asking questions by raising one's hand. If you are acting disorderly to the point where you are impeding other students' ability to learn, I reserve the right to ask you to leave the classroom.

Laptop computers are allowed in class only if there are used for legitimate class-related tasks, such as taking notes. If I find you using your laptop computer in class for tasks not related to class, then I will ask you to put your laptop away. Note that scrolling through social media on your laptop is extremely distracting to students sitting behind you.

**Office Hours**

My office is located on the second floor of Winslow Hall room 207C. Winslow Hall is just southwest of Fogler Library. My official office hours are listed on the first page of this syllabus. If those times do not work for you, just send me an email and we can set up an appointment. Feel free to use these office hours to come see me and ask questions.

**Class Communication**

I will periodically use blackboard to communicate announcements and distribute course materials. I strongly recommend you set up your blackboard settings to automatically email you when a new announcement is posted. It is a good habit to periodically check blackboard and your UMaine email.

**Syllabus**

This syllabus should be considered a contract between me (the instructor) and you (the student). However, there may come a time when a change to the syllabus becomes necessary. In such an event, the change will be announced in class and posted online.

**University Policies**

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**University Academic Honesty Statement**

Academic honesty is very important. It is dishonest to cheat on exams, to copy term papers, to submit papers written by another person, to fake experimental results, or to copy or reword parts of books or articles into your own papers without appropriately citing the source. Students committing or aiding in any of these violations may be given failing grades for an assignment or for an entire course, at the discretion of the instructor. In addition to any academic action taken by an instructor, these violations are also subject to action under the University of Maine Student Conduct Code. The maximum possible sanction under the student conduct code is dismissal from the University.

**University Students Accessibility Services Statement**

If you have a disability for which you may be requesting an accommodation, please contact Student Accessibility Services, 121 East Annex, 581-2319, as early as possible in the term. Students who have already been approved for accommodations by SAS and have a current accommodation letter should meet with me, Thomas Wiesen, privately as soon as possible.

**Course Schedule Disclaimer (Disruption Clause)**

In the event of an extended disruption of normal classroom activities, the format for this course may be modified to enable its completion within its programmed time frame. In that event, you will be provided an addendum to the syllabus that will supersede this version.

**Observance of Religious Holidays/Events**

The University of Maine recognizes that when students are observing significant religious holidays, some may be unable to attend classes or labs, study, take tests, or work on other assignments. If they provide adequate notice (at least one week and longer if at all possible), these students are allowed to make up course requirements as long as this effort does not create an unreasonable burden upon the instructor, department, or University. At the discretion of the instructor, such coursework could be due before or after the examination or assignment. No adverse or prejudicial effects shall result to a student's grade for the examination, study, or course requirement on the day of religious observance. The student shall not be marked absent from the class due to observing a significant religious holiday. In the case of an internship or clinical, students should refer to the applicable policy in place by the employer or site.

**Sexual Discrimination Reporting**

The University of Maine is committed to making campus a safe place for students. Because of this commitment, if you tell a teacher about an experience of sexual assault, sexual harassment, stalking, relationship abuse (dating violence and domestic violence), sexual misconduct or any form of gender discrimination involving members of the campus, your teacher is required to report this information to the campus Office of Sexual Assault & Violence Prevention or the Office of Equal Opportunity.

If you want to talk in confidence to someone about an experience of sexual discrimination, please contact these resources:

- For confidential resources on campus: Counseling Center: 207-581-1392 or Cutler Health Center: at 207-581-4000.
- For confidential resources off campus: Rape Response Services: 1-800-871-7741 or Partners for Peace: 1-800-863-9909.
- Other resources: The resources listed below can offer support but may have to report the incident to others who can help:
- For support services on campus: Office of Sexual Assault & Violence Prevention: 207-581-1406, Office of Community Standards: 207-581-1409, University of Maine Police: 207-581-4040 or 911. Or see the OSAVP website for a complete list of services at <http://www.umaine.edu/osavp/>