

Money & Banking

ECO353



Term: **Spring 2021**

Section: **1**

Department: **School of Economics**

Credit: **3 Hours**

Meeting: **Mon, Wed 3:30-4:45 PM via Zoom**

Learning Modality: **Remote; Synchronous; Flipped-class**

Professor: **Dr. Thomas F. P. Wiesen (thomas.wiesen@maine.edu)**

Office Hours: **Zoom by appointment (generally available in the afternoons and early evenings)**

TA: **Simona Mitevaska (simona.mitevaska@maine.edu)**

Zoom link: <https://maine.zoom.us/j/84463905622?pwd=cmdoUy9BcElrcllLaUgzYmRyTnk2QT09>

Zoom password: **557910**

Class Details

Textbook and Materials

- *The Economics of Money, Banking, and Financial Markets*, 12th edition by Mishkin
- Access to the accompanying Pearson's MyEconLab (ISBN: 9780134734682)

Access to Pearson's MyEconLab (also known as just MyLab) is required for this course. Class activities, quizzes, and exams will be administered and graded through MyEconLab. Once students purchase access to MyEconLab and register their account, they will have access to the eBook version of *The Economics of Money, Banking, and Financial Markets*, 12th edition by Frederic Mishkin. Therefore, buying the physical print textbook is completely optional (and somewhat redundant).

Course Content

- Ch2 An Overview of the Financial System
- Ch3 What is Money?
- Ch4 The Meaning of Interest Rates
- Ch5 The Behavior of Interest Rates
- Ch7 The Stock Market, the Theory of Rational Expectations, and the Efficient Market Hypothesis
- Ch9 Banking and the Management of Financial Institutions
- Ch10 Economic Analysis of Financial Regulation
- Ch11 Banking Industry: Structure and Competition
- Ch12 Financial Crises
- Ch13 Central Banks and the Federal Reserve System
- Ch14 The Money Supply Process
- Ch15 Tools of Monetary Policy
- Ch22 Aggregate Demand and Supply Analysis
- Ch23 Monetary Policy Theory

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. 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 an understanding of its role in the American banking system, discuss the regulations of the banking industry meant to counteract asymmetric information, and learn tools to model monetary economies. This will include a rigorous understanding of the theory and practice of monetary policy. Namely, how do central banks stabilize prices, influence real output, and mitigate financial crises.

This course will have a flipped-class organization, and due to the pandemic, the course will be fully online. In most traditionally organized courses, students' first exposure to the course content occurs through lectures during the class meetings. Then, students practice what they've learned outside of class through homework done afterwards. As the name suggests, a flipped-class reverses that. Namely, students' first exposure to the course content will be through assigned readings of the textbook (or eBook), which should be done before the class meeting. Then, students will practice what they've learned during the class meeting through group activities. This allows for peer-to-peer learning and for questions to be answered in real time as students do the activities.

While the professor may lecture a few times throughout the semester for particularly technical topics, the flipped-class pedagogy means that this will not be a lecture-heavy course. Consequently, it is very important that students do the assigned readings. Students who do not do the assigned readings will likely not pass the course.

Due to the pandemic, this course will be fully online. The class meetings will occur via Zoom.

Grades

Grades will be determined by in-class group activities, a class presentation, quizzes, a midterm examination, and a cumulative final examination with the following weights:

In-class activities	25%
Class Presentation	15%
Quizzes	20%
Midterm Exam	15%
Final Exam	25%

The class presentations will occur each Monday and the in-class activities will occur each Wednesday. There will be a few exceptions to this including the first week of class and weeks with holidays. See the course calendar for more details.

The in-class group activities, quizzes, midterm exam, and final exam will all be submitted and graded through MyEconLab. As mentioned earlier, the in-class group activities will be done during the Wednesday Zoom meetings, promoting peer-to-peer learning. On the other hand, the quizzes, midterm exam, and final exam must be completed individually outside of the class meetings.

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%. 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 do all activities, quizzes, and exams. I will not drop any grades of any assessments. All questions regarding grades will be directed to this section in the syllabus.

Overall Grade Percent	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

Fifteen percent of your grade will be based upon a presentation. Each student will do a class presentation on one of the Monday classes. Mondays will have multiple students presenting. Each student's class presentation should be approximately ten to twelve minutes in length and should be accompanied by PowerPoint slides. Please email the professor your presentation slides. Because the presentations should be 10-12 minutes in length, I strongly recommend practicing (and timing) your presentation beforehand.

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 synopsis of the chapter/section. Explain things in your own words; try not to simply recite explanations verbatim from the textbook. Explain things accurately and clearly so that your classmates can understand the key details.
- (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](#)). This should be more than just a "fun fact" that takes a few seconds to explain. Take time to do some research outside of the textbook.

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 Monday. 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 course calendar.

The reasons behind the class presentations are threefold.

(1) During the path of your future career, there will likely 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. Thus, these presentations allow students to strengthen their communication skills.

(2) Students will be assessed on the accuracy and completeness of the presentation based upon the assigned readings. Indeed, an excellent test of your understanding of something is your ability to explain it to others in your own words. Thus, these presentations serve as an additional incentive to ensure students actually do the assigned readings.

(3) Due to the flipped-class organization, this course will not be lecture-heavy. However, it is still valuable to discuss the course content in-class. Thus, these class presentations serve as a vehicle to facilitate class discussions of the course content.

Reading Assignments

The calendar below lists the required readings from the Mishkin textbook (or eBook) and when students should complete each reading. Students should read all of the assigned readings. Readings should include the main text, MyLab Economics Mini-lectures, Global boxes, Inside the Fed boxes, Applications, FYI boxes, Following Financial News boxes, Summaries; and all Tables/Figures.

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

Course Calendar

<u>Monday, January 25</u> First day of class. Introduction to the course.	<u>Wednesday, January 27</u> No class. By 9am, email professor your ranked top 5 reading assignment blocks.*	<u>Sunday, January 31</u>
<u>Monday, February 1</u> Read Chapter 2 before class. In-Class Presentations.	<u>Wednesday, February 3</u> In-Class Group Activity 1.	<u>Sunday, February 7</u>
<u>Monday, February 8</u> Read Chapters 3 & 4 before class. In-Class Presentations.	<u>Wednesday, February 10</u> In-Class Group Activity 2.	<u>Sunday, February 14</u> Quiz 1 due at 11:59pm.
<u>Monday, February 15</u> No Class (President's Day).	<u>Wednesday, February 17</u> No class. Use this time to catch up on readings.	<u>Sunday, February 21</u>
<u>Monday, February 22</u> Read Chapter 5 before class. In-Class Presentations.	<u>Wednesday, February 24</u> In-Class Group Activity 3.	<u>Sunday, February 28</u>
<u>Monday, March 1</u> Read Chapters 7 & 9 before class. In-Class Presentations.	<u>Wednesday, March 3</u> In-Class Group Activity 4.	<u>Sunday, March 7</u> Quiz 2 due at 11:59pm.

<u>Monday, March 8</u> Read Chapters 10 & 11 before class. In-Class Presentations.	<u>Wednesday, March 10</u> In-Class Group Activity 5.	<u>Sunday, March 14</u>
<u>Monday, March 15</u> Read Chapter 12 before class. In-Class Presentations.	<u>Wednesday, March 17</u> In-Class Group Activity 6.	<u>Sunday, March 21</u> Quiz 3 due at 11:59pm.
<u>Monday, March 22</u> No Class. Use this time to study for the midterm exam.	<u>Wednesday, March 24</u> No Class (Spring mini-break). Midterm Exam Opens.	<u>Sunday, March 28</u> Midterm Exam due at 11:59pm.
<u>Monday, March 29</u> Read Chapters 13 & 14 before class. In-Class Presentations.	<u>Wednesday, March 31</u> In-Class Group Activity 7.	<u>Sunday, April 4</u>
<u>Monday, April 5</u> Read Chapter 15 before class. In-Class Presentations.	<u>Wednesday, April 7</u> In-Class Group Activity 8.	<u>Sunday, April 11</u> Quiz 4 due at 11:59pm.
<u>Monday, April 12</u> Read Chapter 22 before class. In-Class Presentations.	<u>Wednesday, April 14</u> In-Class Group Activity 9.	<u>Sunday, April 18</u>
<u>Monday, April 19</u> Read Chapter 23 before class. In-Class Presentations.	<u>Wednesday, April 21</u> In-Class Group Activity 10.	<u>Sunday, April 25</u> Quiz 5 due at 11:59pm.
<u>Monday, April 26</u> No Class. Use this time to study for the final exam.	<u>Wednesday, April 28</u> No Class (Maine Day).	<u>Sunday, May 2</u> Cumulative Final Exam Opens.
<u>Monday, May 3</u>	<u>Wednesday, May 5</u> Cumulative Final Exam due at 11:59pm.	

*See the presentation rubric document for reading assignment block number topics.

Class Policies

Attendance and Late Work

Due to the COVID-19 pandemic, I will generally have a flexible attendance policy. If a student misses a Wednesday class (when in-class group activities are done), then the student will have one day to make up the activity individually. If a student misses a Monday class and was supposed to present that day, then they will be allowed to make up the presentation on the next Monday but will be penalized by 30%.

Classroom conduct

You are expected to act professionally and be good “digital citizens” during the Zoom classes. This expectation includes, but is not limited to: being quiet when others are speaking, muting yourself when appropriate, respecting other students, respecting the professor. If you are acting disorderly and are impeding other students’ ability to learn, I reserve the right to remove you from the Zoom meeting.

Office Hours

The university has deemed Winslow Hall offices as too small for multiple people to safely be in them at the same time. Consequently, the usual way of doing office hours where I’m in my office and people

simply show up if they want to, will no longer work. Thus, office hours will be by appointment only. The preferred method is over Zoom, but if need be, we can set up a face-to-face appointment outside or in a larger space where we can safely socially distance. Given the circumstances, I will do what I can to be flexible in accommodating meeting requests. Please do not hesitate to ask for a meeting appointment. I am generally available in the afternoon and evenings.

Class Communication

I will heavily use Brightspace and MyEconLab to communicate announcements and distribute course materials. I strongly recommend you set up your Brightspace settings to automatically email you when a new announcement is posted. It is a good habit to periodically check Brightspace and your UMaine email. I will periodically give reminders about upcoming due dates. But it is also the student's responsibility to stay on top of the course calendar. Given the fully online nature of this course, it is critical that students check their email and check for Brightspace announcements regularly.

Syllabus

This syllabus should be considered a contract between me (the professor) 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 during class and posted online.

Non-COVID-19 University Policies

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. Please see the University of Maine System's Academic Integrity Policy listed in the Board Policy Manual as Policy 314:

<https://www.maine.edu/board-of-trustees/policy-manual/section-314/>

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 (due to COVID-19 or other long-term disruptions), 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 <https://umaine.edu/titleix/>

COVID-19 University Policies

University of Maine COVID-19 Syllabus Statement

COVID-19 is an infectious disease caused by the coronavirus SARS-CoV-2. The virus is transmitted person-to-person through respiratory droplets that are expelled when breathing, talking, eating, coughing, or sneezing. Additionally, the virus is stable on surfaces and can be transmitted when someone touches a contaminated surface and transfers the virus to their nose or mouth. When someone becomes infected with COVID-19 they may either have no symptoms or symptoms that range from mild to severe and can even be fatal. During this global pandemic, it is imperative that all students, faculty, and staff abide by the safety protocols and guidelines set forth by the University to ensure the safety of our campus.

All students are encouraged to make the Black Bear Cares Pact to protect the health of themselves, the health of others, and the College of Our Hearts Always.

Black Bears Care Pact:

<https://umaine.edu/return/black-bears-care/>

Symptom checking

The symptoms of COVID-19 can range from mild to severe, and even people with mild symptoms may transmit the virus to others. Students are encouraged to use the symptom checking app each day before attending class or moving about campus and follow the recommendation prompted within the app. Students should monitor for the following symptoms daily: fever (temperature >100.4F/38.0C) or chills, new cough, loss of taste or smell, shortness of breath/difficult breathing, sore throat, diarrhea, nausea, or vomiting, or the onset of new, otherwise unexplained symptoms such as headache, muscle or body aches, fatigue, or congestion/runny nose.

Physical distancing

Students need to make every effort to maintain physical distancing (6 feet or more) indoors and outdoors including within classrooms. The University classrooms and physical spaces have been arranged to maximize physical distancing. Follow the traffic patterns outlined in each building and outdoor space to avoid crowding. If students are in an academic setting (i.e. clinical or lab class) that requires them to reduce physical distancing, they should follow the instructor's guidelines.

Face coverings

Students must wear appropriate face coverings in the classroom. Face coverings must be worn in indoor and outdoor spaces on campus unless people are alone in a room with a door closed or when they are properly physically distanced and do not expect someone to approach them. When face coverings are removed people are placing themselves and those surrounding them at increased risk for COVID-19.

Eating and drinking in classrooms

Students may not eat or drink in the classrooms and are encouraged to take their food or drink into areas designated for these purposes where they can maintain 6 feet physical distance from others.

Hand hygiene

Proper hand hygiene is an effective measure to prevent the spread of COVID-19. Students should wash their hands often with soap and water or use a hand sanitizer with at least 60% alcohol, especially after using the bathroom, before eating or drinking, and before and after going to class or university spaces such as the recreation center, library, or dining halls.

Contingency plans

Classes will be held in various formats to offer flexibility, compassion, and empathy during these unprecedented times. Under certain circumstances, students or instructors may need to miss classes or in-person classes may be disrupted. Students are expected to notify their instructor if they are unable to attend an in-person or online class but will not be penalized for missing class due to illness or the need to care for a family member affected by COVID-19. If a disruption occurs, your instructor will provide communication and contingency plans.

What to do if you have or suspect you have COVID-19

If you have symptoms of COVID-19 or have been possibly exposed to someone with COVID-19, you should stay home, not interact with others, and contact your health care provider immediately to be tested for COVID-19. You may not attend in-person classes and should suspend interactions with others until you are tested. Prior to receiving test results, you should quarantine in your living area according to the Maine CDC guidelines below. Please follow the guidance of your health care professional regarding testing, quarantine, and isolation during the testing process and potential illness period.

What to do if someone you know has or may have COVID-19

If someone you know or that you have had close contact with (defined by the ME CDC as 15 mins or more within 6 feet or less) has tested positive for COVID-19, you should stay home and quarantine according to the guidance of the ME CDC, contact your health care provider, and continue to monitor for symptoms. You may be required to quarantine and/or be tested for COVID-19 under these circumstances. You may also have been exposed to COVID-19 by someone you do not know, and it is possible that you could be contacted through contact tracing to determine if you were exposed. Everyone should respond to these confidential questions to ensure the safety of themselves and those around them.

Maine CDC Guidelines:

<https://www.maine.gov/dhhs/mecdc/infectious-disease/epi/airborne/coronavirus/general-information.shtml>

If you have questions or would like additional information related to the University of Maine COVID-19-specific policies or procedures please use the following sources:

University Webpages: umaine.edu/return and umaine.edu/together/

COVID-19 Information line: 207-581-2681

Emergency Operations Center Email Contact: umaine.alerts@maine.edu