

Drake University
Money and Banking

Econ 105
Sections 01, 03
CRNs 3012, 5276
MW 9:30am - 10:45am
11:00am - 12:15pm
Spring 2015

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Office Hours: TR10:00am-noon
or by appointment

1.0 Course Overview

This is a fascinating time to be studying Money and Banking. A more complete title is Central Banking, Monetary Theory and Policy and its effect on the Economy, Financial Markets, Financial institutions, and the International Economy. As such Money and Banking is a course in monetary economics and includes a study of complete effects of monetary policy. To understand how the central bank (The Federal Reserve in US) conducts monetary policy and its effects, we will first introduce certain concepts and ideas that are used heavily in finance. We will then study the role of financial markets and how the performance of financial markets will affect the aggregate economy. Then we will explore how the Federal Reserve conducts monetary policy by changing the money supply and interest rates. We will also explore how monetary policy reverberates throughout the financial system.

Primary Learning Goals:

1. *"Students will gain factual knowledge (terminology, classifications, methods, trends)."*
2. *"Students will learn fundamental principles, generalizations, or theories."*

Additional Learning Goal:

3. *"Students will learn to apply course material to improve thinking, problem solving and decisions." (from IDEA)*

2.0 Reading Materials

Required:

- a. Mishkin, Frederic S., *Economics of Money, Banking and Financial Markets* (10th Edition (or the customized version), Pearson.
- b. Other reading materials distributed by the instructor.
- c. A one-semester subscription to the *Wall Street Journal*.

3.0 Prerequisite

- a. Principles of Macroeconomics (Econ 001) and College Algebra (Math 020) or higher;
- b. Curiosity

4.0 Course Requirements

4.1 Exams (60%)

Students will take three examinations over the term. Makeup exams are given, but only under the following conditions:

- 1) The student has a legitimate excuse for missing the exam and can substantiate sufficiently any claim; and
- 2) If the excuse is poor health, the student *must* present written confirmation of such poor health from the health center or a certified doctor.
- 3) The student contacts me before 9 a.m. the morning of the exam. Otherwise, the student will not have an opportunity to make up the exam and will receive no credit for the missed exam.

4.2 Group Assignments (20%)

A group of three or four people can be formed to finish the assignments. The assignments allow you to gain hands-on experience to collect economic information on American regional economy and keep updated with the actions taken by central banks around the world.

4.3 Reading quizzes (12%)

Students will also be given blackboard-based reading quizzes for each chapter in the book *before* the chapter is covered in class. Each quiz must be submitted prior to the deadline set by the instructor. Students should feel free to use their book or lecture notes when taking a reading quiz. *Unlimited* attempts are allowed and *most recent attempt* will be recorded.

Note: There are NO makeup quizzes.

4.4 Class Participation (8%)

The rationale for including class participation points in your grade is to encourage you to come to class prepared to discuss the day's lessons in a knowledgeable way, to give voice to what you know and do not know, and to help you learn from your peers as they participate with you. Thus, you will earn credit for participating, irrespective of whether your answer is correct or your question is basic or advanced.

You can earn class participation points by:

- Showing up in class (1 point)
- Showing up during office hours (1 point)
- Participating in on-line surveys (2 points)

For example:

- Fuzzy topics each week: surveys will be posted on Wednesdays and will be available until 11am on Fridays.
- Fuzzy topics for exams
- Raising a question in class (1 point)
- Answering a question in class (1 point)

- Being a volunteer in class (1 point)
- Participating in group activities (1 point)
- Other opportunities

If your total point for class participation is **60 and above**, you will get the full class participation credit. If your point is below 60, you can use the formula to calculate your credit: (your points/60) x 8.

Note: If you have perfect attendance for the semester and meet with me at the beginning of the semester, you will earn an extra 1% on your final grade; if you only miss one class for the rest of the semester and meet with me, you will earn an extra 0.5% on your final grade.

5.0 Grading

Grades will be computed as follows:

Exam 1	20%	<i>NOTE: You may contest your grade during the 7-day period immediately after your assignment or exam is returned to you, or in the case of Reading Quizzes, during the 7-day period immediately after your grade is posted on Blackboard. Once the relevant 7-day period has expired, you may not contest your grade for an assignment.</i>
Exam 2	20%	
Final Exam	20%	
Group project	20%	
Reading Quizzes	12%	
Class Participation	8%	
TOTAL	100%	

EXAM SCHEDULE:

Exam 1:	Monday, February 23
Exam 2:	Monday, March 30
Final Exam:	TO BE ANNOUNCED

Course grade is calculated using the following formula:

$$\text{SCORE} = 60 \times E + 12 \times R + 8 \times C + 20 \times P$$

where E = average of percentages of the other the exams,
 R = average of percentages of reading quizzes, C= percentage of class participation, and
 P = percentage of the group project.

Letter grade is assigned based on the following scale:

90-100	A
80-89	B
70-79	C
60-69	D
<60	F

6.0 Class Policies

Class attendance and participation is expected. Arriving late or leaving early is disruptive to the class and is very inconsiderate to both me and your fellow classmates; therefore, such behavior will not be tolerated. If a special circumstance dictates that you must leave early, please check with me before class. If you arrive late, enter classroom quietly and pick up handouts after class.

Turn off your cell phone ringers when you are in class.

Use of laptop computers and handheld electronic devices (i.e. phones, PDAs, iPods, etc) is only permitted in class to assist learning. Any use of any device that leads to distraction from the learning for other students will not be tolerated. Inappropriate use may include viewing online content not related to the class (including social networking sites), text messaging, answering phone calls, viewing video, and listening to music on such devices.

Failure to observe these rules may result in dismissal from the course.

Students absent from classes are responsible for all the materials presented, making arrangements to submit assignments due, and announcements made in class.

7.0 Tentative Course Schedule*

A. Introduction

The importance of money, banking, and financial markets (Ch1)
An overview of the financial system (Ch2)

B. Money and Monetary Policy in the U.S.

Introduction to money (Ch3)
Quantity Theory, Inflation, and the Demand for Money (Ch19)
The money supply process (Ch 14)
The tools of monetary policy (Ch 15)

C. Financial Institutions

Banking and the management of financial institutions (Ch 10)

D. Financial Markets

Introduction to interest rates (Ch5)
The risk and term structure of interest rates (Ch6)
The stock market (Ch7)

**This schedule provides a tentative outline for the course; deviations may occur and will be communicated to you in class.*

8.0 Legal Disclaimers and Other Information

Electronic mail: Every student *must* have a Drake email account. Course announcements will occasionally be sent by electronic mail, so all students should check their email accounts regularly. An archive of announcements will be posted on Blackboard.

Academic Misconduct Statement:

ACADEMIC INTEGRITY (ACADEMIC MISCONDUCT)

Academic integrity is essential to maintaining an environment that fosters excellence in teaching, research, and other educational and scholarly activities. Thus, Drake University expects that all students have read and understand the University's Code of Student Conduct, and that all students will complete all academic and scholarly assignments with fairness and honesty. Students must recognize that failure to follow the rules and guidelines established in the University's Code of Student Conduct and this syllabus may constitute Academic Misconduct.

Drake University's Code of Student Conduct (Section IV of Student Handbook) defines academic misconduct as:

Academic Dishonesty: Cheating and Plagiarism A student who cheats or plagiarizes commits an offense against the entire University community. Cheating is defined as an act or attempted act of giving or obtaining aid and/or information by illicit means in meeting any academic requirements, including examinations. Plagiarism is defined as misrepresenting other's ideas, phrases or discourse as one's own.

College of Business and Public Administration (CBPA) define academic dishonesty as:

Academic dishonesty is an encompassing term involving any activity that seeks to gain credit for work one has not done or to deliberately damage or destroy the work of others. Plagiarism is defined as misrepresenting another's ideas, phrases, discourse or works as one's own. Cheating is defined as the act, or attempted act, of giving or obtaining aid and/or information by illicit means in meeting any academic requirements, including examinations.

Ignorance of the University's Code of Student Conduct and CBPA's behavior rule is never considered an excuse for academic misconduct, so I recommend that you review the Code of Student Conduct and, specifically, the sections dealing with academic misconduct.

The penalty for engaging in any of these forms of dishonesty in relation to this class at minimum will be a grade of "0" on the assignment and may result in failure in the course. See the CPBA Handbook or the Drake Student Handbook for further information.

This syllabus and other class materials are available in alternative formats upon request. Students with disabilities are responsible for making their need known to the instructor and seeking assistance in a timely manner. Accommodations are coordinated through Student Disability Services (first floor Old Main).

For more information, please contact Michelle Laughlin, Director of Student Disability Service at 271-1835 or michelle.laughlin@drake.edu.