

**Money and Banking 220:301/H1**  
**Summer 2014 7/7-8/13**  
*Preliminary 6/20*

**IMPORTANT you are required to attend all class meetings – absence from class may be grounds for failing the course.**



What is **Money**? How is it created and controlled? Is it obsolete? How does it matter to the economy (**Monetary Theory**)? To you (**Personal Finance**)? How do we pay for things (**Payments System**)? Is Janet Yellen doing a good job? (and what is she doing?) Will she be ‘fired’ after the next election? Why should you care? How is **Monetary Policy** carried out and why? How has it changed in and after the 2007-9 **Financial Crisis and Great Recession**? Are **Banks** dying out? Should they? What do they do? How would you run a bank? How does the **financial system** work, and why did it almost melt down in 2007-08? What are some ways to **get rich** (or at least not poor) in the **Stock or Bond (or Options or Futures (derivatives))** markets? What will a **weak dollar** do to your career, to the U.S. economy? And what is a weak dollar? What’s going on in Europe? And what’s new with Dodd-Frank (**financial regulation**)?

This course provides an overview of the nature and role of **MONEY AND MONETARY POLICY** in modern economies; the role, operation, and regulation of **BANKS** and other depository institutions; an introduction to **FINANCIAL MARKETS**, institutions, and instruments; a taste of **INTERNATIONAL MONETARY AND FINANCIAL ISSUES**; along with simultaneous coverage of **INVESTMENT AND SOME PERSONAL FINANCE**. The ultimate **OBJECTIVE** of the course is to provide students with a **life-long** understanding of the basics of money, banking, the financial system, and investments. Above all, this is intended to be an **interesting, important, useful, and demanding** course dealing with issues you will certainly face in your **private, public, and professional lives** and which will provide you with **useful and usable skills and insights** (and some **cookies**).

**Instructional Goals:** Consistent with the *Learning Goals of the Economics Department*, students will develop and demonstrate economic literacy, numeracy, citizenship and scholarship in the area of the economics of money and banking. Specifically, successful students will demonstrate through examinations, projects and homework assignments that they have gained:

- an understanding of monetary theory and policy, and the functions, instruments and markets of the banking and financial system as well as financial investment.
- the ability to graphically and statistically examine monetary and financial variables, relationships and models
- the tools necessary to understand and analyze current issues and policies involving money, the financial system and the monetary aspects of the economy
- an understanding of the basics of personal investing

**To take this course you *MUST*:**

- Have high-speed access to the Internet often. (dorm, library, home, Starbucks)
- Make regular use of Sakai (Rutgers online course management system)
- Buy, borrow, or otherwise get an **iClicker** brand clicker and bring it to class regularly (the same clicker can be used by **ONE** student in multiple classes but **NOT** by multiple students)
- Regularly attend class, participate through the clickers and discussion boards, and complete regular, on-line assignments which, along with reading, will take **10-15 hours per week**.
- Participate in and out of class.
- **LOOK UP REQUIRED MATERIAL NOT CONTAINED IN THE TEXTBOOK.**

**You must *NOT***

- use a computer in class. If there is a special reason for needing to use one, please see me.
- use cell phones in class – not for calls, text messaging, or photographs/video.
- come late or leave class early.
- talk in class – it imposes external costs on others.
- Record audio or video in class without explicit written permission

*If any of these are difficult for you, it will be necessary to take the course with a different instructor.*

### MEETING TIMES, WEB ACCESS, OFFICE HOURS

Monday-Thursdays 10:15-12:05 Scott 202 CAC 7/7-8/13 My Economics Department web page is: <http://econweb.rutgers.edu/sheflin/> - it has a lot of links, some of which you will hopefully find useful. However, virtually all of the course material will ONLY be available through Sakai <http://sakai.rutgers.edu> . You are responsible for checking announcements, grades, and the chat rooms frequently.

My **office hours** will be by appointment.

### HOW THE COURSE WILL WORK

- You will do the **textbook and supplementary readings, problems, and online graded multiple choice homework** and other assigned items **before** each class
- You will interact with me and with each other through online discussion boards and/or chat rooms for homework and other questions you have trouble with, as well as for “when, how, what” questions and current events and other course related issues. Your interaction is required, will be tabulated and graded.
- In class, we’ll deal with current events, applications, ‘games’, homework review for tough questions, all in question format with clickers – there will be little or no lecturing. **There will also be clicker based graded questions each class on key questions from the assignments.**
- We will be playing a stock investing game, and using various macro simulators and data bases in the course, along with interactive ‘wiki’ projects.
- There will be a **comprehensive, multiple choice final exam in the last class** meeting covering all the material and counting for the majority of your grade, encouraging to learn the material for the long-run. (ignore Keynes here)
- There will be clicker quizzes at the end of each week.

### GRADING

Grades in the course will be based on **graded, online, multiple choice homework** due before each class (10%), **in-class clicker quizzes** weekly (15%), **class participation and testing with clickers** every class (10%) **chat-room participation** (5%) and an in-class **comprehensive multiple choice Final Exam** reflecting what you know at the end of the course (**60%**). There will also be extra credit projects worth up to 2%. And lesser extra credit for documented attendance at the Learning Resource Center(s).

**Absences without substantial justification will be grounds for failing the course.**

**TEXTBOOK** none required– the course will use extensive online sources. You may find it helpful to look at one of the standard (expensive) textbooks, all called **Money and Banking**, by Mishkin, Ball, Cicchetti, Miller

### iCLICKER

We will be using **iClicker brand** clickers which sell for about \$33 new, with many available used for less. You **MUST** have your own clicker – **it cannot be shared even with a friend in a different class**, but it can be bought used, or borrowed from someone who is not using it this semester. You must bring your clicker to every class and must not bring someone else’s – there will be frequent checks for clickers that are in class when their owners’ are not. Any version iclicker brand is ok.

**ATTENDANCE** is **required** and missing classes may be grounds for failing the course.

### ACADEMIC INTEGRITY

Do not cheat, the penalties are severe, it is wrong, and in the long-run, you will not benefit. Do not:

- have someone click your clicker when you are not in class,
- talk about clicked questions unless you are told to do so,
- copy someone else’s homework or have someone help with yours,

- use the text or other sources when doing the homework or midterm, etc.  
Using someone else's words or thoughts without citing them is also cheating.

**AUDIO-VISUAL RECORDING (sound, still photos, video) OF CLASS is NOT** permitted without explicit written authorization of the instructor and notification of other students in the class, except where notification from the Office of Disability Services is provided.

## SCHEDULE

Assignment #, date	Topic and notes
1 - 7/7	Money, Banking and the Financial Crisis and Great Recession of 2007-2009 <i>invest 0</i>
	<b>MONEY</b>
2 - 7/8,7/9	Money and the Payments System
	<b>MONETARY THEORY</b>
3 - 7/10,7/14	Short-Run and Long-Run Aggregate Demand and Supply and Inflation <i>invest 1-stock</i> <b>Quiz 1 on Thursday 7/10 covering assignment 1-3</b>
4-7/15	The Transmission of Monetary Policy <i>advise 1 Resume</i>
	<b>THE FED AND MONETARY POLICY</b>
5-7/16, 7/17	The Structure and Role of the Fed and other Central Banks <b>Quiz 2 on Thursday 7/17 covering assignments 4 – 5</b>
6- 7/21,7/22	Money Creation and Control <i>invest 2-more stock</i>
7 -7/23, 7/24	Old and New Tools, Goals and Strategies of Monetary Policy <i>chair game</i> <b>Quiz 3 on Thursday 7/24 covering assignments 6 -7</b>
	<b>BANKS AND THE FINANCIAL SYSTEM</b>
8 7/28	Banking Basics <i>advise 2</i>
9- 7/29	Banking - Evolution, Structure, Regulation, Crises
10 7/30, 7/31	The Financial System <i>invest 3-mutual funds</i> <b>Quiz 4 on Thursday 7/31 covering assignments 8-10</b>
	<b>RATES AND RETURNS</b>
11 8/4	The Measurement of Interest Rates <i>invest 4-bonds</i>
12 8/5,8/6	Determinants of Interest Rates and Rates of Return
13 8/7,8/11	International Finance and Monetary Policy <i>invest 5 – derivatives</i> <b>Quiz 5 on Thursday 8/7 covering assignments 11-13</b>
14 8/12	Money, Banking and the Financial Crisis and Great Recession of 2007-2009
	<b>FINAL EXAM Wednesday 8/13</b>