

Money and Banking 220:301:02

Revised 8/14

IMPORTANT Class attendance is **REQUIRED** and unexcused absences from class may be grounds for failing the course.



What is **Money**? How is it created and controlled? Is it obsolete? What's a **crypto currency** (bitcoin)? How does it matter to the economy (**Monetary Theory**)? To you (**Personal Finance**)? How do we pay for things (**Payments System**)? Is **Janet Yellen** the most powerful woman in the world? (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 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 or obtain (**not yet determined brand**) clicker and bring it to class regularly (the same clicker can be used by **ONE** student in multiple classes but **NOT** shared by multiple students)
- **Regularly attend class**, - **UNEXCUSED ABSENCES MAY BE GROUNDS FOR FAILING THE COURSE and will lower your grade**
- **Participate** in class and online chat rooms
- **Complete** graded weekly, on-line **assignments** which, along with reading, will take 4-6 hours per week.
- **LOOK UP REQUIRED MATERIAL NOT CONTAINED IN THE READINGS.**

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

The class meets MTh noon-1:20 in RC-1 (the Rutgers Cinema, room 1) on Livingston , and online 24/7.

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 **not yet determined** and other times by appointment in New Jersey Hall 403 CAC.. There will be a signup tool in Sakai to reserve a time, or you can drop in if no one has previously scheduled for that time. Note that office hours are to discuss personal issues, the meaning of life, and sailing. Class questions should be asked in class or posted on the chat rooms first.

HOW THE COURSE WILL WORK

- **Before** each week's classes, you will read/print the **ASSIGNMENT** for the **next** week posted under resources in Sakai, and generally available by the Wednesday of the week before it is due (i.e. assignment 2 will be posted by Wednesday of week 1)
- You will do the readings, problems, and online graded multiple choice homework and other assigned items contained in the assignment posted in Sakai **BEFORE** the first class of each week (generally Monday) . It is **UP TO YOU TO FIND ANSWERS TO QUESTIONS** and problems, even if they are not in the readings. it is **UP TO YOU TO FIND ANSWERS TO QUESTIONS** and problems, even if they are not in the readings (hint: GOOGLE). It is also **ESSENTIAL** to **POST QUESTIONS** on the chat rooms and/or ask in class.
- It is also **ESSENTIAL** to post questions on the chat rooms and/or ask in class.
- **You will make and use FLASHCARDS to help you learn key definitions, concepts, analyses**
- You will interact with me and with each other through online chat rooms for homework and other questions you have trouble with, as well as for “when, how, what” questions and other course related issues (email is ONLY for very personal issues)
- In class, we'll deal with current events, applications, homework review for tough questions, all in question format with clickers – there will be little or no lecturing.
- We will be playing a stock investing game, and using various simulators and data bases in the course,
- There will be extra credit projects available including **5 Slide, 5 Minute team presentations**.
- There will be a **COMPREHENSIVE, MULTIPLE CHOICE FINAL EXAM** at the end of the course covering all the material and counting for the majority of your grade, encouraging to learn the material for the **long-run**. (ignore Keynes here)
- You will be reading print and/or online news sources.

GRADING

Grades in the course will be based on **weighted total points** from

- **graded, online, multiple choice homework** due before each class (10%), lowest several dropped
- four **in-class clicker quizzes** (15%), lowest one dropped
- **class participation and testing with clickers** every class (15%) with the lowest X days dropped (X will be revealed late in the course, 0 is a good number)
- a **comprehensive multiple choice Final Exam** reflecting what you know at the end of the course (**60%**) – you will hate the heavy weight on the final – but it is intended to encourage you to study and learn the material for the long-run, not cram, and to give students who ‘get-it’ late in the course a chance (and an incentive) to do well. There will also be **extra credit projects** worth up to 2%. And lesser extra credit for documented attendance at the Learning Resource Center(s).

NOTE: There is no midterm, just 4 clicker quizzes

Significant number of absences without justification will be grounds for failing the course.

ATTENDANCE is **required** and reflected in clicker points from each class. As noted above, missing a class or two due to illness, etc. will not affect your grade as I will drop the lowest X days clicker points (I will tell you what X is later in the course). If you are out for a substantial period of time due to illness etc., or out due to official university activities, **see me** with documentation.

If you expect to miss **MORE** than two classes because of illness or a family emergency – **SEE ME**, before or after class. s. You **MUST** see me in person to explain **MULTIPLE** missed classes – do not see me for single classes as up to X are automatically excused (see above)

Note that I do not look at or use the University absence reporting website <https://sims.rutgers.edu/ssra/>

SUBSTANTIAL UNEXCUSED ABSENCES MAY BE GROUNDS FOR FAILING THE COURSE AND WILL LOWER ONE’S COURSE GRADE BY A LETTER GRADE (B TO C for example).

TEXTBOOK NO REQUIRED TEXTBOOK

The course will use extensive online sources.

There are a number of ‘standard’ and expensive Money and Banking textbooks. You may wish to pick up a new or used copy of one as a supplement if you feel you need it. **You need not do this.** Two popular ones are:

- **The Economics of Money, Banking, and Financial Markets** 10th edition 2012 (or 2013) (or earlier) Frederick Mishkin
- **Money Banking and Financial Markets 2nd edition** (or first), Laurence Ball, 2012

NEWS SOURCES

You will be required to regularly read economic, business and financial news sources either online or in print. Wall Street Journal, NY Times, Bloomberg, etc. The Wall Street Journal has special student rates –wsj.com/studentoffer which is often \$1 per week. This is totally optional, but can be most helpful.

FLASHCARDS essential for most students to truly learn the material. Write terms, theories, concepts, fact name on front, and define, explain, etc on back. Carry them everywhere and TEST yourself often. Some extra credit at end of course for showing me your ‘deck’.

CLICKER We will be using **CLICKERS** which you will have to purchase (new or used, cheap \$20-\$40), but **I have not decided on which brand** so wait until I send a notice.

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

Assigned readings are shown on each week's **ASSIGNMENT** which will be posted in Sakai under resources – these are **REQUIRED** and essential to do well in the course. **YOU MUST LOOK AT EACH WEEK'S ASSIGNMENT IN SAKAI TO SEE ADDITIONAL READINGS, AND CHANGES.** In addition, following the reading and other activities shown in the Assignment in Sakai each week, there will be **HOMEWORK** in the form of online multiple choice questions, due **BY OR BEFORE** the class in which they are shown. They will be available in Sakai by Wednesday of the week **before** they are due,

Class/ Week of	Topic and notes. IMPORTANT – reading assignments are contained in each weeks ASSIGNMENT posted in Sakai under RESOURCES / ASSIGNMENTS
1 9/3	Money, Banking and the Financial Crisis and Great Recession of 2007-2009 <i>First class is 9/3</i>
	MONEY
2 9/8	Money and the Payments System NOTE – TUESDAY 9/8 IS A Monday schedule , so we will meet Tuesday dn Thursday this week only <i>last day to drop 9/8 Last day to add 9/9 Tuesday is Monday Schedule;</i>
	MONETARY THEORY
3 9/14	Intro Macro Quick Review -- Short-Run and Long-Run Aggregate Demand and Supply and Inflation <i>invest 0 – overview</i>
4 9/21	The Transmission of Monetary Policy <i>invest 1-stock Clicker Quiz 1</i>
	THE FED AND MONETARY POLICY
5 9/28	The Structure and Role of the Fed and other Central Banks <i>advise 1- college etc Resume</i>
6 10/5	Money Creation and Control <i>invest 2-more stock</i>
7 10/12	Old and New Tools, Goals and Strategies of Monetary Policy <i>chair game Clicker Quiz 2</i>
	BANKS AND OTHER INTERMEDIARIES
8 10/19	Banking Basics <i>invest 2B – more stock</i>
9 10/26	Banking - Evolution, Structure, Crises <i>Last day to withdraw with a W is 10/26</i> <i>advise 3 - careers Invest 3-mutual funds</i>
	THE FINANCIAL SYSTEM
10 11/2	The Financial System <i>Clicker Quiz 3</i>
11 11/9	Financial System Regulation
12 11/16	The Measurement of Interest Rates and Returns <i>invest 4-bonds</i> <i>advise 4 – grad school</i>
13 11/23	Determinants of Interest Rates and Rates of Return THANKSGIVING BREAK only 1 class
14 11/30	International Finance and Monetary Policy Clicker Quiz 4 <i>invest 5 – derivatives</i>
15 12/7	The Financial Crisis and Money and Banking
	FINAL EXAM Monday 12/21 noon do not make travel plans for this date