Class details

ECON-UN 9231001 Money and Banking
Fall 2016
Mondays at 9:00 AM – 12:00 PM
Location: B101

Instructor Details

Prerequisites

Prerequisites: Introduction to Macroeconomics (ECON-UA 1) and Introduction to Microeconomics (ECON-UA 2), or Introduction to Economic Analysis (ECON-UA 5) or equivalents.

Class Description

The principal characteristics of the financial system and its current challenges; derivatives, financial innovation and the banking industry; money supply and monetary policy; bonds, equities and interest rates; financial supervision and regulation; pricing of financial securities and balanced portfolios; foreign exchange and how currency markets impact policy and asset choices; international policy co-ordination; banking crises and reform programs.

Desired Outcomes

1. Understand the structure and evolution of the major components of the financial system – money, financial instruments, financial markets, financial institutions, and central banks – and the role each component of the financial system plays in the U.S. economy.
2. Explain how theories covered in money and banking are connected to real world events.
3. Recognize the interrelationships between money markets and capital markets.
4. Understand the increasingly global character of the modern monetary system.
5. Locate and analyze economic data related to the subject of money and banking.
6. Use economic theory to understand the causes and consequences of monetary policy decisions.

7. Become familiar with techniques related to exchange rate determination, interest rate calculations, and money supply levels.

**Assessment Expectations**

**Grade A:** The student makes excellent use of empirical and theoretical material and offers well-structured arguments in his/her work. The student writes comprehensive essays / exam questions and his/her work shows strong evidence of critical thought and extensive reading.

**Grade B:** The candidate shows a good understanding of the problem and has demonstrated the ability to formulate and execute a coherent research strategy.

**Grade C:** The work is acceptable and shows a basic grasp of the research problem. However, the work fails to organize findings coherently and is in need of improvement.

**Grade D:** The work passes because some relevant points are made. However, there may be a problem of poor definition, lack of critical awareness, poor research.

**Grade F:** The work shows that the research problem is not understood; there is little or no critical awareness and the research is clearly negligible.

**Grade conversion**

NYU Washington, DC uses the following scale of numerical equivalents to letter grades:

<table>
<thead>
<tr>
<th>Grade</th>
<th>Letter Grade</th>
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<tbody>
<tr>
<td>100-94</td>
<td>A</td>
</tr>
<tr>
<td>93-90</td>
<td>A-</td>
</tr>
<tr>
<td>89-87</td>
<td>B+</td>
</tr>
<tr>
<td>86-84</td>
<td>B</td>
</tr>
<tr>
<td>83-80</td>
<td>B-</td>
</tr>
<tr>
<td>79-77</td>
<td>C+</td>
</tr>
<tr>
<td>76-74</td>
<td>C</td>
</tr>
<tr>
<td>73-70</td>
<td>C-</td>
</tr>
<tr>
<td>69-67</td>
<td>D+</td>
</tr>
<tr>
<td>65-66</td>
<td>D</td>
</tr>
<tr>
<td>below 65</td>
<td>F</td>
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**Attendance Policy**

Study abroad at Global Academic Centers is an academically intensive and immersive experience, in which students from a wide range of backgrounds exchange ideas in discussion-based seminars. Learning in such an environment depends on the active participation of all students. And since classes
typically meet once or twice a week, even a single absence can cause a student to miss a significant portion of a course. To ensure the integrity of this academic experience, class attendance at the centers is mandatory, and unexcused absences will affect students' semester grades. Students are responsible for making up any work missed due to absence. Repeated absences in a course may result in failure. At all Global Academic Centers, unexcused absences will be penalized with a two percent deduction from the student’s final course grade.

To seek an excused absence for medical reasons, students must email or discuss with the Academic Program Coordinator in advance of their missed class. For an excused absence, students must produce a doctor’s note dated with the exact dates of the missed class and/or exam.

Non-medical absences must be discussed with the Academic Program Coordinator prior to the date(s) in question, who will communicate the absence to all relevant faculty members. If faculty members do receive notification, the student has not procured an excused absence.

NYU Washington, DC expects students to arrive to class promptly (both at the beginning and after any breaks), to be attentive, and to remain for the duration of the class. If full class attendance and participation becomes a problem, it is the prerogative of each instructor to apply the rule for unexcused absences, which may include a two percent deduction from the student’s final course grade.

Students are responsible for making up any work missed due to absence. This means they should initiate email and/ or office hour discussions to discuss any missed lectures and assignments and arrange a timeline for submitting missed work.

Please note that for classes involving a field trip or other external visit, transportation difficulties are never grounds for an excused absence. It is the student’s responsibility to arrive at the announced meeting point in a punctual and timely fashion. Staff members may always be reached by cell phone for advice regarding public transportation.

**Late Submission of Work**

1) Written work due in class must be submitted during the class time to the professor.

2) Late work should be emailed to the faculty as soon as it is completed. (If the assignment must be submitted in person, the Academic Program Coordinator can collect on behalf of the faculty between the hours of 9–5, M–F.)

3) Late work will be reduced for a fraction of a letter grade (e.g. A to A-, A- to B+, etc.) for every day it is late, including weekends.

4) Written work during the semester that is submitted 5 days after the submission date
(including weekends) without an agreed extension fails and is given a zero.

5) Students who arrive to class late for an exam do not have automatic approval to take extra
time to complete the exam.

6) Students who miss an exam (including the final) without previously arranged permission will
receive a zero on that exam.

7) Assignments due during finals week that are submitted more than 3 days without previously
arranged extensions will not be accepted and will receive a zero. Any exceptions or extensions
for work during finals week must be discussed with the Site Director.

<table>
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<th>Students with Disabilities</th>
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| Accommodations are available for students with documented disabilities. Please contact the
  Moses Center for Students with Disabilities at +1-212-998-4980 or see their website
  (http://www.nyu.edu/life/safety-health-andwellness/students-with-disabilities.html) for further
  information. |

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<th>Plagiarism Policy</th>
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| As the University's policy on "Academic Integrity for Students at NYU" states: "At NYU, a
commitment to excellence, fairness, honesty, and respect within and outside the classroom is
essential to maintaining the integrity of our community. By accepting membership in this
community, students take responsibility for demonstrating these values in their own conduct and
for recognizing and supporting these values in others." **Students at Global Academic Centers
must follow the University and school policies.** |

The presentation of another person’s words, ideas, judgment, images, or data as though they
were your own, whether intentionally or unintentionally, constitutes an act of plagiarism.

NYU Washington, DC takes plagiarism very seriously; penalties follow and may exceed those set
out by your home school. All your written work must be submitted as a hard copy AND in
electronic form to the instructor. Your instructor may ask you to sign a declaration of authorship
form.

It is also an offense to submit work for assignments from two different courses that
is substantially the same (be it oral presentations or written work). If there is an overlap of the
subject of your assignment with one that you produced for another course (either in the current
or any previous semester), you MUST inform your professor.
For guidelines on academic honesty, clarification of the definition of plagiarism, examples of procedures and sanctions, and resources to support proper citation, please see:

http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/academic-integrity-for-students-at-nyu.html

http://gls.nyu.edu/page/gls.academicintegrity

http://cas.nyu.edu/page/academicintegrity


Religious Observances

Students observing a religious holiday during regularly scheduled class time are entitled to miss class without any penalty to their grade. This is for the holiday only and does not include the days of travel that may come before and/or after the holiday.

Students must notify their professor and the Office of Academic Support in writing via email at least one week in advance before being absent for this purpose.

Required Text


Supplemental Text(s) (i.e., not required for purchase)

NA

Internet Research Guidelines

NA

Additional Required Equipment

NA

Session 1 – Monday, August 29, 2016
Why Study Money, Banking, and Financial Markets?
An Overview of the Financial System

Readings: Mishkin, Chapters 1 and 2

Labor Day, September 5, no classes scheduled

Session 2 – Monday, September 12, 2016

What Is Money?
The Meaning of Interest Rates

Readings: Mishkin, chapters 3 and 4


Thomas Wyrick, “Functions of Money,” (video) https://www.youtube.com/watch?v=HIpCqjhDpx8

Session 3 – Monday, September 19, 2016

The Behavior of Interest Rates
The Risk and Term Structure of Interest Rates

Readings: Mishkin, chapters 5 and 6

Robert Shiller, “Derivation of the Term Structure of Interest Rates” (video) http://oyc.yale.edu/economics/econ-252-08/lecture-10#ch4

Session 4 – Monday, September 26, 2016

The Stock Market, the Theory of Rational Expectations, and the Efficient Market Hypothesis

Reading: Mishkin, chapter 7


First In-Class Examination (90 minutes), on chapters 1 through 6

Fall Break, October 3, No Classes
Session 5 – Monday, October 10, 2016

An Economic Analysis of Financial Structure
Banking and the Management of Financial Institutions

Readings: Mishkin, chapters 8 and 9

Session 6 – Monday, October 17, 2016

Economic Analysis of Financial Regulation
Banking Industry: Structure and Competition

Readings: Mishkin, chapters 10 and 11

Session 7 – Monday, October 24, 2016

Financial Crises
Central Banks and the Federal Reserve System

Readings:
Mishkin, chapters 12 and 13


Session 8 – Monday, October 31, 2016

The Money Supply Process
Tools of Monetary Policy

Readings: Mishkin, chapters 14 and 15
Session 9 – Monday, November 7, 2016

The Conduct of Monetary Policy: Strategy and Tactics

Readings: Mishkin, chapter 16


Second In-Class Examination (90 minutes), on chapters 7 through 15

Session 10 – Monday, November 14, 2016

The Foreign Exchange Market
The International Financial System

Readings: Mishkin, chapters 17 and 18


Session 11 – Monday, November 21, 2016

Quantity Theory, Inflation, and the Demand for Money
The IS Curve

Readings: Mishkin, chapters 19 and 20

Session 12 – Monday, November 28, 2016

The Monetary Policy and Aggregate Demand Curves
Aggregate Demand and Supply Analysis

Readings: Mishkin, chapters 21 and 22
Session 13 – Friday, December 2, 2016  Make-Up Day

Monetary Policy Theory

Reading: Mishkin, chapter 23


Session 14 – Monday, December 5, 2016

The Role of Expectations in Monetary Policy
Transmission Mechanisms of Monetary Policy

Readings: Mishkin, chapters 24 and 25

Session 15 – Monday, December 12, 2016

Final Examination: chapters 16 through 25

Classroom Etiquette

Students are expected to attend all classes, on time, and to be prepared to respond to questions related to the topic(s) discussed at each class meeting. Students are expected to be respectful of all viewpoints brought up in classroom presentation/discussions. Computers and other electronic devices can be used to take notes.

Required Co-curricular Activities

NA
### Suggested Co-curricular Activities

NA

### Your Instructor