

**MONEY AND BANKING**  
ECON 4721 sec. 001 - Fall 2018  
Department of Economics  
University of Minnesota

Syllabus

*Lecture Time:* T,H 9:45 AM - 11:00 AM

***Instructor:*** Marcos Dinerstein

*Email:* diner004@umn.edu

*Office:* Hanson Hall 3-157

*Office Hours:* Tuesday 12 pm - 2 pm

## Course Description

This course studies the role of money in an economy. Our goal is to use simple economic models to address the following questions: Why does money exist? What is the role of the banking system? How do fiscal and monetary policies influence aggregate economy? The discussion is often motivated by institutions and events in the economies of the U.S. and other countries, but the emphasis is on understanding the theoretical principles by analyzing general economic models

## Prerequisites

This course is designed for undergraduate students with a strong background in economics and mathematics. The prerequisite for this class is the intermediate theory sequence-Intermediate Microeconomics (ECON3101) and Intermediate Macroeconomics (ECON3102). We will use economic reasoning and mathematical tools associated with the theories of consumer behavior and competitive equilibrium. Students need to be comfortable with these tools as well as calculus. The textbook mainly uses graphical and algebraic analysis. However, we will spend more time in this class defining economic optimization problems and solving them using calculus.

## Problem Sets

There will be four problem sets throughout the course. Late problem sets will receive a penalization of 30% of their grade every day it is late. I encourage you to work in groups and if you worked in a group you should acknowledge everyone that worked with you. **However each person should hand an individual version of the problem set. Copying problem sets is not acceptable.**

## Exams

There will be a midterm and a final exam. The tests are scheduled as:

Test	Date	Time	Location
Midterm	Thursday, October 25	9:45- 11:00 am.	TBA
Final Exam	Tuesday, December 18	1:30-3:30 p.m.	TBA

## Exceptions

Make-up's are not allowed for the exams under any circumstance, except in medical emergencies for which a doctor's note is required. Make-up's are possible for the final exam only if the student has another exam scheduled at the same time, or has three exams within a 16 hour period. This should be pre-arranged with the instructor. We can discuss an alternative exam time.

A low class standing is not a valid reason for an I grade. An I grade is given only in exceptional circumstances like hospitalization or family emergencies. An arrangement must be worked out between the student and me before the final exam. I require written proof of emergencies.

## Resources

This class uses Modeling Monetary Economics (2016, Fourth Edition, Cambridge University Press) by Bruce Champ, Scott Freeman and Joseph Haslag. Students should have or have access to a copy for reference. We will mainly follow the book, but we may address other topics in the lectures.

## Topics (Subject to change)

The topics covered in the course will be following the main textbook mentioned above. The summary is:

- Before the midterm:
  - A Simple Model of Money
  - Barter and Commodity Money
  - Inflation
  - International Monetary Systems and Exchange Rates
- After the midterm:
  - Investment and Fiat Money

- Financial Intermediation
- Central Banking and Money Supply
- Selected Topics (based on preferences)

## Disabilities

Students with disabilities must be registered with Disability Services. Please contact Disability Services at <http://ds.umn.edu/>. Following their guidelines, the Department of Economics and Disability Services will make appropriate accommodations for students with disabilities. Please contact the instructor as soon as possible if you need special accommodations.

## Academic Dishonesty

Regarding problem sets and exams, any kind of cheating will not be tolerated at all. Regarding problem sets, I support and encourage working in groups, however everyone should write their own solutions. For more information, see <http://www1.umn.edu/oscai/integrity/student/index.html>.

## Grades

The final grade of the course will be a weighted average among the problem sets, the midterm, and the final exam. This weighted average will be calculated the following way:

Task	Percentage
Problem Sets	30%
Midterm	30%
Final Exam	40%
Final Grade	100%

Finally, the letter note that will appear in the course will follow the next scale:

Bracket	Grade
92.00 - 100.00	A
90.00 - 91.99	A-
88.00 - 89.99	B+
82.00 - 87.99	B
80.00 - 81.99	B-
78.00 - 79.99	C+
72.00 - 77.99	C
70.00 - 71.99	C-
68.00 - 69.99	D+
60.00 - 67.99	D
0.00 - 59.99	F