Economics 121

The Economics of Money, Banking and Financial Institutions

Spring 2018, UC Merced

Dr. Rowena Gray

**Class Time:** TR 3-4:15pm, COB2 170

**Office Hours:** W 2-3pm; TH 12-1pm

**Office:** 327 COB2

**Email:** [rgray6@ucmerced.edu](mailto:rgray6@ucmerced.edu)

**Course Description**

This course addresses issues related to money, banking, and financial institutions. Topics covered include: the structure of central banks and the Federal Reserve System, theories of money demand and money supply, the relationship between money supply and overall economic activity, and the role the Federal Reserve plays in economic stabilization.

Prerequisites: Econ 001

Grading: Letter Grade Only

**Required text**

Frederic S. Mishkin. ***The Economics of Money, Banking, and Financial Markets****.* New York: Pearson, 2013, 10th Edition (see me about the use of earlier editions).

**Class Attendance**

I do not take attendance for this class. However, you are on your own if you miss class.

**Grading**

Grades will be comprised of two mid-term exams (45 questions) and a comprehensive final exam (60 questions). The weighting scheme for the various exams is:

Quizzes 40 points (8%) Best 4/5 quizzes (i.e. drop the lowest score)

News Article 10 points (2%)

First Exam 150 points (30%)

Second Exam 150 points (30%)

Final Exam 150 points (30%)

Total Points 500 points (100%)

**No make‑up exams will be given.** If you have a valid, documented excuse for missing an exam, grades will be weighted appropriately to account for the missed exam.

**Miscellaneous**

* Silence cell phones while in class.
* Research has found that using laptops in class hinders learning. Exceptions can be made for those with a registered disability, in which case see the instructor.
* Do not cheat (descriptions below).
* Do not talk during lectures.
* Pay attention during lectures and feel open to asking questions.

**Course Goals and Learning Outcomes**

**Program Learning Outcomes.**

1. Describe the underlying economic incentives and tradeoffs associated with the decisions made by individuals, firms, international organizations and governments.
2. Apply economic concepts in analyzing policy debates and evaluating policy outcomes.
3. Design and conduct research that can inform managerial and economic policy making, including by collecting, analyzing and interpreting data using relevant software.
4. Demonstrate critical, evidence-based, thinking about economic phenomena, whether encountered in coursework or in media reports.
5. Communicate clearly and cogently in written and oral form.

**Course Learning Outcomes**

* 1. Understand the concept of present value as it relates to monetary instruments.
  2. Understand the Federal Reserve’s role in influencing economic outcomes.
  3. Understand the money creation process and its relationship to interest rates and aggregate economic activity.

These CLOs relate to PLOs 1, 2 and 4.

[**Academic Integrity and Honor Code**](http://studentlife.campuscms.ucmerced.edu/content/uc-conduct-standards)**:**

Each student in this course is expected to abide by the [University of California, Merced’s Standards of Conduct](http://studentlife.campuscms.ucmerced.edu/files/page/documents/academic_honesty_policy.pdf).

**Accommodations for Students with Disabilities:**

If you are a student with a disability who requires accommodations, please contact UC Merced’s Disability Services at [disabilityservices@ucmerced.edu](mailto:disabilityservices@ucmerced.edu). The student is responsible to meet with their respective faculty members to review approved accommodations and to discuss implementation strategies. The student will obtain faculty signatures verifying that the letter was discussed with faculty and the student then returns the signed letter to Disability Services.  
PLEASE NOTE: The faculty notification letter is considered a confidential student record under the Family Educational Rights and Privacy Act (FERPA). The student is under no obligation to disclose his or her disability.

**Tentative Course Outline and Important Dates**

|  |  |  |  |
| --- | --- | --- | --- |
| Date | Topic | | |
| 1/16  1/18 | **Class Cancelled**  Syllabus (Dr. Jason Lee) QUIZ 1 DUE 1/20/18 | | |
| 1/23 | Ch. 1 and Ch. 3, What is Money? | | |
| 1/25 | Ch. 4, Interest Rates | | |
| 1/30 | Chs. 5 & 6, Term Structure of Interest Rates | | |
| 2/1 | Finish Chs. 1-6 & Review QUIZ 2 DUE 2/3/18 | | |
| **2/5: Last Day to Drop**  **2/6** | **Exam 1** | | |
| 2/8 | | UC Davis Accounting Talk |
| 2/13 | | Chs. 2 & 8, Financial System |
| 2/15 | | Ch. 12, Banking Industry |
| 2/20 | | Chs. 9-11, Crises |
| 2/22 | | Chs. 9-11, Crises QUIZ 3 DUE 2/25/18 |
| 2/27 | | Great Recession in Historical Perspective |
| 3/1 | | Chs. 14 & 15, Money Supply & Policy |
| 3/6 | | Chs. 14 & 15, Money Supply & Policy |
| 3/8 | | Ch. 19, Demand for Money |
| 3/13 | | Ch. 19 QUIZ 4 DUE 3/17/18 |
| 3/15 | | Review |
| **3/20** | | **Exam 2** |
| 3/22 | | **Class Cancelled** |
|  | |  |
| **3/27 & 3/29: Spring Break** | | |
|  | |  |
| 4/3 | | Ch. 24 ARTICLE ASSIGNMENT DUE |
| 4/5 | | Ch. 16, Monetary Policy Tools |
| 4/10 | | Ch. 23, Transmission Mechanisms |
| 4/12 | | Ch. 23, Transmission Mechanisms |
| 4/17 | | **In class discussion of articles** |
| 4/19 | | **In class data exercise** QUIZ 5 DUE 4/24/18 |
| 4/24 | | Final Review |
| 4/26 | | Final Review |
| 5/1 | | **Final Exam in class** |
| 5/3 | | **Class Cancelled** |
|  | |  |