

MONEY AND BANKING
ECON 4721 - Fall 2019
Department of Economics
University of Minnesota

Syllabus

Lecture Time: Tuesday, Thursday 2:30 PM - 3:45 PM

Instructor: Son Dinh

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Office: Hanson Hall 3-133

Office Hours: Thursday, 9:00 AM - 11:00 AM or by appointment

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.

How will I get the most out of this class?

Come to class regularly. Hints and solutions to the problem sets will be discussed in class and NOT posted online. Solve the questions on your own and prepare for the exams. If you are stuck anywhere, be sure to meet me well in advance so that I can help you improve.

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 penalty of 30% of their grade every day they are late. Written answers to homework assignments must be legible, big, and very neat. I will encourage you to submit typed out homeworks. I encourage you to work in groups, and if you work in a group you should acknowledge everyone that works with you. **However, each person should hand in an individual version of the problem set. Identical or essentially similar answers are not acceptable; you will receive a score of zero.**

Any request for a change of grade in an assignment or exam must be made in writing with a clear explanation of why you think you deserve more (or less!) points on a question. This request will only be accepted within one week of your receipt of the graded assignment or exam.

All homeworks need to be submitted online. Homework should be uploaded as a single pdf of size less than 10MB.

Exams

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

Test	Date	Time	Location
Midterm	Tuesday, October 15	2:30 p.m.- 3:45 p.m.	In classroom
Final Exam	Thursday, December 19	10:30 a.m.-12:30 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 the instructor before the final exam. I require written proof of emergencies.

Grade Disputes

All exam grade disputes must be submitted within 7 days of the return of the exam. Only exams written in pen will be considered for re-grading. Exceptions will be made for exams written in

pencil if you return your graded exams to me before leaving the classroom on the day of the return of the exam.

To challenge a grade, you must present your case written in a sheet of paper to me, explaining in detail why you deserve a different grade. I reserve the right to re-grade the entire exam, which may result in your grade being lowered. Typos are NOT eligible for re-grade; double-check your work before submitting your answer.

Presentation

All students are required to present a topic (in groups of 6) for 15 minutes in class. The grade for this section applies to the entire group in general. I will assign groups and topics by September 17th if you have not found a group already. Each team is responsible for electing a “corresponding author” and all communication about the presentations will be sent to the corresponding author. The corresponding author is going to convey my comments/feedback to the other members of the team. The slides must be in .ppt/.pptx /.pdf format.

To form your groups, go on Canvas and under the tab called “People”, select 4721 Project Teams. Talk to your classmates and self-assign yourselves to the relevant team. Once you have formed your team, you need to figure out a topic. Do some preliminary research online and choose an interesting yet simple topic. Feel free to talk to me about this. Each team must work on a unique topic and they will be decided on a first come first serve basis.

First draft of slides: October 24th.

There should be a maximum of 11 slides in the presentation.

Each slide must cover one point.

Information in each slide must be clear and readable by anyone in the audience.

The slides must be submitted online.

Presentations: December 3rd, 5th and 10th.

Each member of the group must present at least one slide.

The presentation must not exceed 15 minutes.

The presentation must deliver one main theme.

Information in each slide must be clear and readable by anyone in the audience.

The first draft of the slides is worth 35% of the grade, and the final presentation is worth 65%. Points will be awarded for adhering to the rules of the assignment listed above, the quality of the material and slides, presentation style, and responding to the instructor’s feedback.

All requests for changing groups should be brought to my attention by November 5th. After that I will no longer allow individuals to change their groups. All members of the group will be assigned the same grade; there are no individual grades in this assignment. However, I will make

an exception if some members of a group don't take on an equal responsibility and try to free ride on the hard work of others.

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 (if time allows)
- 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 <https://communitystandards.umn.edu>.

Grades

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

Task	Percentage
Presentation	10%
Problem Sets	30%
Midterm	25%
Final Exam	35%
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