

Professor: M. Akacem
MONEY AND BANKING
ECONOMICS 4111-100: Summer 2009: Term A
OFFICE: Econ 216
OFFICE HOURS: M-T: 8:10 a.m.- 9:10 a.m.
Email: akacem@colorado.edu
Class will meet on MTWRF from 9:15 a.m. to 10:50 a.m.
The Class will meet in Econ 119
Dates: From June 1st to July 2nd, 2009

ECON 4111-100 (3). Money and Banking Systems.
Discusses money, financial institutions, and the monetary-financial system in a modern economy.

Prerequisites: ECON 1000, or 2010 and 2020.

I. Important: **No** lap top use or texting with your cell phones will be allowed in class. All cell phones **MUST** be turned off.

II. Objective of the course:

The assigned text is your standard source for most of the material covered in class, but sometimes lectures will go beyond the text. You are expected to be prepared for each unit by reading ahead of time. We will try to apply what we know and use examples from current financial and banking developments in the U.S. and other countries and regions.

Overall, the course will cover the relevant issues in the money and banking field, with an emphasis on institutions, policy and markets. The course assumes that you are already well versed in Macroeconomics. However, this course is not meant to be a rehash of upper division Macroeconomics. Check the prerequisites for taking this course. Part of the course will be spent discussing banking regulation and its impact on the banking industry. The aftermath of the repeal of the Glass Steagall act (separation of banking and commerce), did we learn something from the Banking and Savings and Loans crisis? How about the ongoing financial crisis in the US and the rest of the world? What are the policy implications for the U.S.' Financial system. How about Bear Stearns and the implication to new regulations, if any, for investment banks? We will also be discussing the role of monetary policy and that of the Federal Reserve and their impact on the U.S. banks and the economy in general. Finally, we will cover exchange rates and the Federal Reserve's role in the foreign currency market, the Asian currency crisis, and others.

Guest Lectures: If time allows we may have one or two. The paragraph below is only relevant if we are successful in getting speakers for our summer session:

Attendance on a daily basis for both regular and guest lectures is **mandatory** and any material covered is considered fair game for the exams that follows and/or the Final. In addition to the guest lectures, we will be watching case studies in class dealing with

banking issues.

III. Main Text: Money, the Financial System, and the Economy, Fifth Edition, by R. Glenn Hubbard, Addison Wesley, 2005.

You can access class material in [CULearn](#). However, please note that none of it replaces the lectures particularly in light of the fast developments of events in the financial markets.

If you wish to practice using additional quizzes from your text's home page to: <http://www.awl.com/hubbard> and click on student resources. There you will see a list of chapters and you can click on the chapter that you need. On the left menu, you will see an icon for quizzes as well as short essays. You will get instant feedback and the correct answers. These are NOT graded. You can do as many as you wish and as many times as you wish.

IV. Reading of The Wall Street Journal is highly recommended:

Reading [The Wall Street Journal](#) on a daily basis is as valuable, if not more, than the text. Those of you who want to subscribe need to go to this site:

<http://subscribe.wsj.com/summer>

The price is \$15.95 for 8 weeks.

Some articles from [The Wall Street Journal](#) that pertain to our class will be discussed in class if they are relevant to what we are covering. If you cannot afford a subscription to the Journal, you can always have access to it at the campus Library or the public library. Once you subscribe to The Wall Street Journal, you will have access to the Interactive Edition via the Internet. The whole journal will be accessed via the web with your special password (instructions will be sent you by the WSJ on how to access the Internet edition). You will also get access to the following journals and magazines:

V. Course Outline:

This outline may change somewhat depending on current financial events that occur in the US and in the Global financial markets. This is a tentative outline and material covered may change. Be in class and stay informed.

Please remember to bring a calculator to each exam. You cannot use your cell phone or any other electronic device.

Exam One: Monday June 8th, 2009 : Assignments for Exam One: outlines 1, 2 and 3, chapters 1, 2, 3, 13, 14 and 15. Lecture units 1,2 and 3. We would have also covered case study 1 and 2, Other People's Money and the Greatest American Bailout. All exams will be a combination of multiple choice questions and

essay and very short problems.

Exam Two: Friday, June 19th 2009: Assignments for Exam Two: outlines 4, 5, 6 and parts I and II of outlines 7. Chapters 19, 17, 18. Lecture units, 4, 5, 6 and parts I and II of lecture unit 7. We would have also covered case study 3 and 4, The History of Credit Card Debt and the Wall Street Fix. If time allows, we may cover and discuss others.

Comprehensive Exam 3: By Thursday July 2nd, 2009: you should have covered: All of the assignments for Exam 2 in addition to outline 7 (starting from part III), 8, 9 and 11. Chapters 20, 21, 8 and 22. For outline number 9, the material covered in it. Booklet on "US monetary Policy: An introduction" Federal reserve bank of San Francisco, found at the following URL:

<http://www.frbsf.org/publications/federalreserve/monetary/MonetaryPolicy.pdf>, page 12-16. We will also cover equity finance vs traditional finance and implications to the current financial crisis.

We would also have covered case study 5 and 6, The Trillion Dollar Bet and The Asian Crisis.

Important Note:

Please note that for each test, any material covered in class, such as case studies, guest lectures, WSJ articles etc... in addition to the list given above is fair game. This can be a WSJ article or a lecture that is on your web site but not listed in the assignments above. This will depend on time but to do well, you need to be there for every class. Guest lectures are also fair game for the tests. Remember the Final is comprehensive starting from the material assigned for the second exam to the last day of class.

VI. Grading:

You will have a TOTAL of three (3) EXAMS, three practice tests and chapter quizzes on all of the assigned chapters.

The chapter quizzes and the practice tests are all posted on [CULearn](#) and will be taken on line on the days indicated in the calendar. You should logon to CULearn right after class the first day and go over the class home page but the calendar in particular. You will see the days when chapter quizzes are due. They will open right after midnight on that day and close at close to midnight on the same day. The first quiz is due on Tuesday June 2nd and later every day for the first week.

You will have ONE attempt for each chapter quiz and each of the practice tests. However, these are NOT to be taken in groups nor are they open book/notes exams. If there are significant discrepancies between in class exam performance and online chapter quizzes and practice tests, that will be taken into account when computing the overall grade. I will count the best 10 chapter quizzes and drop the worst three. The three practice tests will all count towards the average for the practice test/quizzes. Please read the following carefully to avoid unnecessary e-mail traffic.

There are NO Make Up exams so plan ahead. A missed exam is an automatic "F" and you will have the remaining weights only. The only exception will be for a well documented medical emergency that is explicitly for that day not a general note from a doctor. The final will have to be taken on the date indicated above. There are NO EXCEPTIONS. Cheating will result in an automatic F for the whole course and will be reported to the university as per the established policy.

Exam/chapter quizzes and practice tests weights:

Exam One	20%
Exam Two	25%
Exam Three	35%
Practice Tests:	20%
& Chapter quizzes	
Total:	100%

VI. Policies:

Please see the following links for general policies on classroom behavior, honor code, disability services and religious holiday policies as posted on the Econ web site:

<http://www.colorado.edu/policies/classbehavior.html>

<http://www.colorado.edu/academics/honorcode/>

<http://www.colorado.edu/disabilityservices/>

http://www.colorado.edu/policies/fac_relig.html

I will enforce the religious holiday policy as well as the ADA policy for anyone who requires it. I would need to be notified the first week of class if anyone needs special a accommodation together with a letter from the ADA office.

Withdrawal

Check the summer 2009 class schedule. It has all the dates that you need (drop dates deadlines, refund etc...). I urge you to take a moment to look at it.