**SYLLABUS**

**Economics 411W: Money and Banking**

**MW 8:30 to 9:45 PM, Rich 103**

**Emory University, Fall 2015**

**Michael F. Bryan**

Office: Rich 311B

Usual\* office hours: Mondays and Wednesdays, 7:45-8:25

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\* There will occasionally be instances when my usual office hours are not possible. You will be advised in class and via Blackboard whenever such times arise.

**Textbook (required):** Hubbard, R. Glenn and Anthony Patrick O’Brien, Money, Banking, and the Financial System (2nd edition).

**Course Description:**

This course examines the role of money and credit in the economy, with an eye toward understanding government regulation of financial markets and central bank policies.

The first half of the course considers the economics of the financial system with a special emphasis on the theories and history of payment and credit instruments, and the management of risk by financial intermediaries. The second half of the class builds upon the foundations of money and credit developed in the first half and considers the macroeconomic, macroprudential, and regulatory policies of the government (and of the Federal Reserve System in particular) aimed at promoting economic stability.

This course is being presented in an exceptional and unpredictable economic environment, and students should anticipate modest changes in the schedule of topics should events warrant. I will try to give advance warning of a change in topic via email and on Blackboard.

**Course Materials:**

Class lectures will be based on Hubbard and O’Brien’s Money, Banking and the Financial System (2014), supplemented with assigned, *required* readings. The readings will be distributed in class or will be made available online.

Every effort will be made to assign supplemental readings in advance of the class for which they are assigned. However, reading assignments will often be very topical and may have only recently become available.

**Grading Criteria:**

Student grades will be determined by your classroom standing based on the combined performance on a midterm examination, a final examination, five writing assignments, and a term paper. The weigh given to each is described below:

Writing assignments (20%)

Term Paper (30%)

Midterm examination (20%)

Comprehensive final examination (30%)

Grades based on classroom standing will *approximate* the following distribution:

The top 1/3 of the class will receive an A. The next ½ of the class will receive a B. The remainder will receive a lesser grade depending upon how far performance deviates from the classroom norms. Borderline cases will be given the benefit of the doubt—they will be moved to the higher grading category.

**Writing Assignments**

A key objective of this class is to help you develop your ability to think about an issue and then articulate your thoughts in a creative, but disciplined way. These essays are intended to encourage that process. During the semester, I will assign four topics for you to consider, and then write a short (*300 word limit*) response. You will have one week to complete each assignment. The writing assignments MUST be completed by the time of class one week hence. These assignments will be graded relative to your classmates as described above.

**Term Paper**

Each student is expected to write a term paper on a topic relevant to the course, but of your choosing. I will also make suggestions for possible topics should you need. The paper must be typed, double spaced, and roughly 12 pages in length, exclusive of tables and references. Details of the term paper will be forthcoming. However, please anticipate that a brief abstract on the topic you are considering will be due on October 5th, a first (but preliminary) draft will be due November 11th, and the revised, completed paper is due December 7th (final scheduled class). These dates are firm, and failure to adhere to them will result in a significant grade penalty.

The paper will be graded roughly as follows: 40% for content and conceptual clarity; 40% for the integration of classroom content, and 20% for grammar and style.

**Midterm and final examinations** will be a combination of short answer (40%) and essay (60%) format. Students will be asked to answer all short answers and a selection of essays (e.g. 3 of 4.) Short answers will, ordinarily, be either acceptable or unacceptable. Essays will be evaluated and ranked relative to the answers of your fellow students. Students will be not be penalized for grammar, although essays that are exceptionally hard to read will remain unread. All examinations will be taken in the classroom and no additional resources will be permitted.

A student who fails to take the midterm or final examination at the scheduled time may not make up the examination without written permission from a dean in the Office for Undergraduate Education.

**Course Website:**

Course materials will be posted on the course Blackboard site.

**Honor Code:**

By taking this course, you affirm that it is a violation of the code to cheat on exams, to plagiarize, to deviate from the teacher’s instructions about collaboration on work that is submitted for grades, to give false information to a faculty member, and to undertake any other form of academic misconduct. You agree that the teacher is entitled to move you to another seat during examinations, without explanation. You also affirm that if you witness others violating the code you have a duty to report them to the honor council. The standards of conduct in the Emory University honor code are in effect for this class. You will be asked to attest to these standards on exams and writing assignments.

**Additional considerations:**

Students with disabilities are encouraged to register with the Office of Disability Services (*ODS*). Please see me to discuss accommodations and special needs.

 **PRELIMINARY COURSE CALENDAR**

***I will make a reasonable effort to keep close to this schedule. However, it is possible that the pace of the lectures will vary slightly from subject to subject. A student can anticipate a few (perhaps up to three) additional, short (topical) readings per week. You will be advised of these readings in class and on Blackboard.***

**DATE**  **TOPIC/SPECIAL DATES READINGS Comment**

Aug. 26 Introduction to the course.

Aug. 31 Introduction to the financial system. Text (HO) Chp. 1

Sept. 2 Money and payments . HO Chp. 2

Sept. 7 LABOR DAY BREAK Sept. 9 Money and payments cont. Assign. 1 due

Sept. 14 Interest rates and rates of return. HO Chp. 3

Sept. 16 Interest rate determination. HO Chp. 4

Sept. 21 Theories of interest rate behavior. HO Chp. 5

Sept. 23 --continued.

Sept. 28 Securities markets. HO Chps. 6-7

Sept. 30 Foreign exchange. HO Chp. 8

Oct. 5 Asymmetric info./fin. intermed. HO Chp. 9 Abstract due

**Oct. 7 Midterm examination 1 Chps. 1-8**

Oct. 12 FALL BREAK

Oct. 14 The banking industry. HO Chp. 10

Oct. 19 The business of banking. HO Chp. 11

Oct. 21 Fin. fragility and bank regulation. HO Chp. 12

Oct. 26 Central banking/Federal Reserve HO Chp. 13-14

Oct. 28 --continued

Nov. 2 Monetary policy HO Chp. 15

Nov. 4 --continued .

Nov. 9 International financial system HO Chp. 16

Nov. 11 Monetary theory I HO Chp. 17 First draft due

Nov. 16 --continued

Nov. 18 Monetary theory II HO Chp. 18

Nov. 23 --continued

Nov. 25 THANKSGIVING BREAK

Nov. 30 unknown.

Dec. 2 unknown.

Dec. 7 Conclusion and review. Final draft due

**Dec. 15 FINAL EXAM (11:30 AM to 2:00 PM) Chp. 1-18**

**First week required “readings”:**

1. **“Financial Markets: An Engine for Growth,” Shin, Yongseok, Federal Reserve Bank of St. Louis, July 2013.** [**https://www.stlouisfed.org/publications/regional-economist/july-2013/financial-markets--an-engine-for-economic-growth**](https://www.stlouisfed.org/publications/regional-economist/july-2013/financial-markets--an-engine-for-economic-growth)
2. **“Recovery from Financial Crises: Evidence from 100 Episodes,” Reinhart, Carmen M, and Kenneth S. Rogoff, AER (May, 2014)** [**http://scholar.harvard.edu/files/rogoff/files/aer\_104-5\_50-55.pdf**](http://scholar.harvard.edu/files/rogoff/files/aer_104-5_50-55.pdf)
3. **“Simple Proof That Strong Growth Has Typically Followed Financial Crises,” Taylor, John B, Blog (October 12, 2012).** [**http://wallstreetpit.com/97411-simple-proof-that-strong-growth-has-typically-followed-financial-crises/**](http://wallstreetpit.com/97411-simple-proof-that-strong-growth-has-typically-followed-financial-crises/)
4. **“Financial Crisis Denialism,” Krugman, Paul, blog (October 17, 2012).** [**http://krugman.blogs.nytimes.com/2012/10/17/financial-crisis-denialism/?\_r=0**](http://krugman.blogs.nytimes.com/2012/10/17/financial-crisis-denialism/?_r=0)
5. **The history of microfinance, Muhammad Yunus (video),** [**https://www.youtube.com/watch?v=6UCuWxWiMaQ**](https://www.youtube.com/watch?v=6UCuWxWiMaQ)