

# MONETARY ECONOMICS

Economics 450 – 01, Fall 2009

M, W, F 1:10 am – 2:10 pm, LH 013

**Instructor:** Wei Xiao, Department of Economics, LT 905.

Tel. 777-4351 email: [wxiao@binghamton.edu](mailto:wxiao@binghamton.edu)

**Office Hours:** Friday, 10:30 am – 12:00 pm.

**Objective:** This course offers a systematic analysis of monetary theories and the financial system. Apart from exposing students to different approaches in monetary theory, the course places a special emphasis on the up-to-date analysis of ongoing fluctuations in financial markets and the responses of monetary policy. The course will cover the determination and behavior of interest rates, structure and importance of the financial system, the functions of money, demand and supply of money, financial structure and asymmetric information, bank management and regulation, the targets and instruments of monetary policies, and the transmission mechanism of monetary policy and its effectiveness.

**Prerequisite:** Grade of C or better in ECON 362; also grades of C or better in college level statistics and calculus (A- required from 2-year school).

**Course Materials:** The required textbook is Frederic S. Mishkin, *The Economics of Money, Banking, and Financial Markets*, 9th Edition, Pearson Addison-Wesley. Supplementary materials will also be used. These include academic papers which will be posted on Blackboard, and websites such as <http://www.federalreserve.gov/monetarypolicy/default.htm>.

**Online Resources:** The course is registered at the University's **Blackboard** system. Check the Blackboard website at least twice a week. Class notes, assignments, your latest grades, class news and other useful resources will be posted on Blackboard. The book publisher also has a website [http://wps.aw.com/aw\\_mishkin\\_econmbfm\\_9/117/30117/7710171.cw/index.html](http://wps.aw.com/aw_mishkin_econmbfm_9/117/30117/7710171.cw/index.html), where you can find extra supporting materials for the course. Using the publisher website, however, is NOT required.

**Exams and Grading:** Grading is based on four elements of your performance:

1. Group activities (20%). The class will be randomly divided into several groups. A final group project will be presented in class by each group. See page 3 for more details.
2. Problem sets (20%). A number of problem sets will be assigned and graded.
3. Exams (60%).
  - a. There will be two midterm exams, 20% each (**dates to be announced**).
  - b. The final exam is scheduled by the university, and is weighted also 20% of total grades. This exam covers materials you learn after exam 2, and is NOT accumulative.

## MAKE-UP POLICY FOR FINAL EXAMS

**ALL** make-up final exams in Economics will be given **Friday, December 18 from 8:00 to 10:00 AM**. All officially scheduled final exams are linked from the [BU Brain](#) - check **NOW** for conflicts. If a conflict exists you may request a make-up exam from the instructor of **ANY** of the conflicting courses. If you choose to request a make-up exam for an economics course, a sign-up list to request the make-up exam will be available in class after the add/drop deadline - ask the instructor. Students **MUST** make their request for a make-up exam in economics **NO LATER THAN FRIDAY, October 9**.

It is **the student's responsibility** to learn from the instructor if the request has been approved. Only students who are approved may take a make-up final exam. Students who have not requested a make-up exam in an economics course by **October 9** will be required to resolve conflicting exams with the instructor in one of their other courses.

Make-up exams are approved **ONLY** for the following conditions:

Conflicts with the **OFFICIAL** final exam schedule (e.g. exams at the same time or more than two exams within 24 hours).

**DOCUMENTED** personal illness or family emergency.

**Academic Integrity:** Academic integrity is fundamental to the process of learning and evaluating academic performance. Academic dishonesty will not be tolerated. Academic dishonesty includes, but is not limited to, the following: cheating, plagiarism, tampering with academic records and examinations, falsifying identity, and being an accessory to acts of academic dishonesty. Should issues concerning academic integrity arise, the Harpur College Academic Honesty Policy and Procedures will be strictly enforced. **Cheating in exams will result in an automatic zero score.**

**Accommodation for Students with Disabilities:** Students who qualify for services will receive the academic accommodations for which they are legally entitled. It is the responsibility of the student to register with the Services for Students with Disability Services ([ssd.binghamton.edu](http://ssd.binghamton.edu)).

## Group Activities

The class will be divided into several groups (depending on the actual enrollment). The following activities are expected as the course progresses:

1. After the first two weeks of classes, the instructor will divide the class into a number of groups, and show the result in Blackboard. When students go online, they will be able to go to a group page and contact their group members.
2. When the groups first meet in class, they are going to elect members to fill the following positions for each group:
  - a. A group leader who is in charge of all activities of the group
  - b. A group coordinator who are responsible for note-taking and maintaining meeting schedule for groups
  - c. All group members are presenters who will present group projects to class when required.

Please also note the following:

- a. Preparation for the project is the responsibility of all members. The group leader should divide the job into small parts and assign to each member.
  - b. The group page in Blackboard is a natural and convenient place for members to exchange opinions.
3. A final group project is an important part of your grades. The requirements are:
  - a. Each group should select a topic that interests the members. A list of topics will be provided later in the semester.
  - b. Groups should meet, physically and online, to study the topic and prepare for a final report. The report should at least consist of these parts: (1) posing the question or raising the issue, (2) presenting the data, (3) analyze the issue (using knowledge of this class and others), and (4) conclusion.
  - c. The instructor will ask groups to present their projects in class with PowerPoint or other software.
4. The grading system for the group project is designed so that there will be no free-riders, i.e. to get a good grade, a student must put in sufficient individual efforts. Grading of the final project is conducted as follows:
  - a. The instructor gives a grade to each group, based on the quality of the projects.
  - b. The group leader gives a (secret) grade to each member of the group and submits it to the instructor. This is done during the final exam.
  - c. Each group member gives a (secret) grade to the group leader and submits it to the instructor. This is done during the final exam.
  - d. The final grade of each student is based on the weighted average scores of the above grades.