

Money, Banking, and Macroeconomic Activity

Prerequisites: Principles of Economics (Econ 2000 and 2010 or Econ 2030)

Econ 2035 (Spring, 2015)

Chandan Jha

email: cjha1@tigers.lsu.edu

Office: 2334 BEC

Office hours: TTh 12:00-1:00pm,
or email me for an appointment.

Class location and hours: 1700 BEC, TTh. Section 6: 1:30-2:50pm; Section 4: 3:00-4:20pm

Course Web Site: Moodle (<http://moodle2.lsu.edu>). *Note:* your *login* and *password* are your *myLSU* login and *password*. The course syllabus will be posted here as will any supplemental materials that I might add during the semester. You can check your test scores on Moodle.

Required text: Frederic S. Mishkin. *The Economics of Money, Banking, and Financial Markets*. New York: Pearson, 2013, 10th Edition. There are several options for buying a book.

1. **Custom text:** the publisher has provided a custom version that contains only the chapters we will cover this semester and that can be purchased in the campus bookstore, the Co-Op bookstore, or the Chimes bookstore. The cost is about \$86.65 before tax and the cost includes access to *MyEconLab*, an online resource that has quizzes and other study aides, and access to *SmartThinking*, an online tutoring service.
2. **Used text:** used copies of both the custom and full textbooks can be purchased from the bookstores servicing LSU or online. However, if you want access to MyEconLab, you will have to purchase access codes from the bookstores servicing LSU or online from the publisher Pearson at www.pearsonmylab.com. For a version of MyEconLab that comes with access to the complete Mishkin ebook, the cost is \$100, and for a version of MyEconLab without ebook access, the cost is \$55. **The course ID is *jha18004*** (for registration instructions, refer to the Student Registration Handout available on moodle).
3. **New full text:** a new copy of the full text would have to be purchased online since it is my understanding that the bookstores servicing LSU will not carry new copies of the full text since they are carrying the custom text. If you choose to purchase MyEconLab via www.pearsonmylab.com, you also have the option to purchase a print upgrade from within MyEconLab at any time during your subscription. This is a loose-leaf version of the full text for \$55. To find this option click on “Purchase Options” on the left navigation bar.

4. **etext only:** access for the semester to the full Mishkin ebook can be obtained by purchasing an access code online from the publisher Pearson. As noted earlier, the cost is \$100 and this also gives you access to MyEconLab.

Notes:

- MyEconLab is not a required course resource, but it may prove helpful to students who experienced some difficulties in principles of economics. Students who struggled in their earlier economics courses may also consider the **Study Guide and Workbook to Accompany The Economics of Money, Banking, and Financial Markets. New York: Pearson/Addison-Wesley, 2012. 10th Edition.**
- Economics, ITF, and Finance majors may want to consider buying a new or used copy of the full text. The Mishkin book is a great resource for the study of the monetary and financial system, and we have time to cover only 16 of the 25 chapters in the full text.
- Supplemental Reading: articles in news magazines, business magazines, and Federal Reserve Bank reviews may be assigned periodically, and will be posted to Moodle.

Class Attendance: I do not take attendance at the beginning of each class. However, you are on your own if you miss class. I do not provide lecture notes to students who miss class.

Exams:

1. There will be three mid-term exams and a comprehensive department-wide final exam. All exam scores count – the lowest exam score will *not* be dropped. There is no extra credit so your grade depends entirely on your performance on the exams. *All students must take the final exam on the date and time scheduled by the university – Tuesday, May 5, 2015 from 3:00pm-5:00pm.* The room will be announced later.
2. The weighting scheme for the various tests is:

Exam	Points	Chapters (Full text)	Exam date
Exam 1	100 points (22%)	1, 2, 3, 4, 5, 6	Thu, February 19
Exam 2	100 points (22%)	7, 17, 22, 23	Thu, March 19
Exam 3	100 points (22%)	13, 14, 15, 16	Tue, April 21
Final	150 points (34%)	Comprehensive (1-7, 9-10 , 13-17, 22-23)	Tuesday, May 5

3. **Note about Final Exam:** approximately 7-10 questions on the final exam will be taken from material from Chapters 9 and 10, and the remainder of the questions will be drawn roughly evenly from the material on each of the mid-term exams.

4. The mid-term exams will consist of 30 multiple choice questions, and the final will consist of 50 multiple choice questions. The total points awarded on each exam will equal the number of correct answers as a percentage of total questions times the maximum possible points on the exam.
5. No make up exams will be given. If you have a valid excuse for missing an exam, your score on the missed exam will be the percentage of the correct answers on the final exam for the questions drawn from the material on the missed exam. For example, suppose you missed exam 1 and there are 15 questions on the final from material tested on exam 1. If you answer 12 of these 15 questions correctly, you will retroactively receive a score of 80 on exam 1. If you don't have a valid excuse, your score on the missed exam will be 0 (zero).

For the definition of a valid excuse, visit <http://appl003.ocs.lsu.edu/ups.nsf/4d8b193f0753c7e48625714000672ba4/d45654a11f8ac79686256c250062ae4d?OpenDocument> and click on the link to LSU PS-22 (Student Absence from Class). Written documentation of the reason for missing the exam must be presented to me before the exam, except in the case of sudden personal illness or family emergency. In the latter cases, written documentation must be presented within a week of the missed exam.

Grade Scale

90% +	A
89.99% - 80%	B
79.99% - 70%	C
69.99% - 60%	D
less than 60%	F

Course Rules:

- Academic misconduct (i.e. cheating, plagiarism, etc.) as defined by the LSU Code of Student Conduct (<http://saa.lsu.edu/Code%20of%20Student%20Conduct%20August%2009.pdf>) will be prosecuted vigorously.
- **Special Needs:** Students who need accommodations because of special needs addressed in the Americans with Disabilities Act (ADA) or have emergency medical information to share with me or need special arrangements in case of emergency building evacuation should inform me of such need immediately. Please see me privately after class or in my office.
- You are expected to be on time for class.
- If you must leave class early, please let me know before class begins.

- No electronic devices of any type are allowed during exams. If you use any type of electronic device or if any electronic device in your possession is visible during an exam, your exam paper will be collected immediately and you will receive a score of 0 on the exam.

Tentative Course Outline

Chapter Custom Text	Chapter Full Text	Chapter Title
1	1	“Why Study Money, Banking, and Financial Markets?” (overview-read on your own)
2	2	“An Overview of the Financial System”
3	3	“What is Money?”
4	4	“Understanding Interest Rates”
5	5	“The Behavior of Interest Rates”
6	6	“The Risk and Term Structure of Interest Rates”
7	7	“The Stock Market, the Theory of Rational Expectations, and the Efficient Market Hypothesis”
8	17	“The Foreign Exchange Market”
9	22	“Aggregate Demand and Supply Analysis”
10	23	“Monetary Policy Theory”
11	13	“Central Banks and the Federal Reserve”
12	14	“The Money Supply Process”
13	15	“Tools of Monetary Policy”
14	16	“The Conduct of Monetary Policy: Strategy and Tactics”
15	10	“Banking and the Management of Financial Institutions”
16	9	“Financial Crises”

All assignments should be read before class.