



SYLLABUS

ECON 4373-01: Monetary Economics
Spring 2018
MW: 11:00 a.m. - 12:20 p.m.
105 Smith-Hutson Building

Instructor: Dr. Hiranya K. Nath
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Office Hours: Monday and Wednesday: 3:30 – 5:00 p.m.; Tuesday: 2:00 – 5:00 p.m.; Thursday: 1:00 – 3:00 p.m.; *or* by appointment.

Course Description: What is money? What is its place in the financial system? Who controls the supply of money and how? What role does the central bank play in the money supply process? How do actions of banks, depositors, and borrowers affect money supply? How does money affect the price level and the interest rate? How does it influence the overall economy in the short-run *as well as* in the long-run? What is the role of the international financial system in the money supply process? These are some of the basic questions addressed in the field of monetary economics. This course is designed to discuss these issues using a simple analytical framework. The focus of this course will be on the U. S. central bank's monetary policy and money supply, and the theories purported to explain the relationships between money and rest of the economy. This course will also devote some time to a discussion on the recent global financial crisis.

Prerequisites: ECON 2300 or ECON 2301 and ECON 2302. ECON 3372 is desirable.

Learning Objectives: The student will have learned to

- (i) gain factual knowledge about the basic institutions of the U. S. economy that influence overall economic outcomes through monetary policy;
- (ii) understand fundamental principles, generalizations, and theories;
- (iii) apply course materials to improve thinking and decision making in financial and monetary matters.

Required Textbook:

- **M&B³** by Dean Croushore, Third Edition, Cengage Learning

Additional Readings and Online Resources: The following readings and online resources will help students with some of the topics covered in the class.

- **The Federal Reserve System: Purposes and Functions**, Ninth Edition, Board of Governors of the Federal Reserve System (<http://www.federalreserve.gov/pf/pf.htm>)
- **The Wall Street Journal**
- **Bloomberg Businessweek**
- **The Economist**

Additional readings/handouts and online materials will be assigned/distributed as the semester progresses.

Blackboard: Syllabus, Lecture Notes (PowerPoint Slides), Homework Assignments, and Quizzes will be uploaded on Blackboard. Also, the grades will be posted on it.

Evaluation: Each student will be evaluated on the basis of his or her performance in the following:

Exam

There will be three midterm exams and a mandatory comprehensive final exam. However, the student may choose not to take *or* to miss one midterm exam. If he/she takes all four exams, the best three will be counted towards his/her course grade. Each of the best three exams will count 25% of the student's final grade. Each exam will consist of 20 multiple choice questions and 3 or 4 short-answer questions, for which the maximum grade points will be 25.

Homework Assignment

There will be six homework assignments of which one will be dropped. If a student completes all six assignments, the best five will be counted towards his/her final grade. These homework assignments will count a total of 25% of the final grade.

Pop Quiz

Almost every week there will be a pop quiz that will add extra points to the student's total grade points. Each quiz will consist of 10 multiple choice questions and will be graded on a scale of 0 - 1 point.

Note that this is a 'Writing Enhanced' class and, therefore, the clarity and grammatical correctness will carry some weights in the evaluation of writing assignments. Students are encouraged to seek assistance from the Writing Center, if necessary.

Under no circumstances will an individual extra credit assignment be given.

Course grades will be assigned according to the following scale:

Total scores including bonus points	Letter Grade
90 – 100	A
80 – 89	B
70 – 79	C
60 – 69	D
Below 60	F

Exam Dates:

Midterm I	: Monday, <i>February 19</i>
Midterm II	: Wednesday, <i>March 28</i>
Midterm III	: Wednesday, <i>May 2</i>
Final Exam	: Wednesday, <i>May 9</i>

Course Policies:

1. Attendance is very important to succeed in this class. Because of the federal and SHSU guidelines, the instructors are required to submit reports on student attendance. The instructor will track student attendance using a seating chart. On the first day of class, the instructor will pass on the seating chart for the student to identify his/her seat by writing his/her name on the seat location. The student is expected not to change his/her seat during the semester. At the beginning of each class, the instructor will mark **P** for “present” or **A** for “absent” on the seat assigned to the student on the seating chart. If the student does not miss any class during the semester, he/she will earn 2 bonus points; and for only 1 miss he/she will earn 1 bonus point. These points will be added to the total grade points the student accumulates for his/her performance in exams and other assignments throughout the semester, before deciding the letter grade.
2. Students are expected to be on time for class. If the student is late, he/she will be marked ‘absent’. Once teaching starts, the student is expected to sit through the entire time in the class. If he/she must leave in the middle of class, he/she is advised to take his/her ‘stuff’ and not to re-enter.
3. As a College of Business Administration (COBA) policy, eating and drinking are prohibited in the classroom. However, students can bring bottled water to the classroom.
4. The use of cellphones is strictly prohibited and they must remain turned off during the class. Tablets and laptops can be used only for taking notes and other class-related activities with prior permission of the instructor. However, if the use of these devices is found to be distracting to other students, the instructor may revoke such permission.

Relevant University Policy: The use by students of electronic devices that perform the function of a telephone or text messenger during class-time may be prohibited if deemed disruptive by the instructor to the conduct of the class. Arrangements for handling potential emergency situations may be granted at the discretion of the instructor. Failure to comply with the instructor's policy could result in expulsion from the classroom or with multiple offenses, failure of the course.

Any use of a telephone or text messenger or any device that performs these functions during a test period is prohibited. These devices should not be present during a test or should be stored securely in such a way that they cannot be seen or used by the student. Even the visible presence of such a device during the test period will result in a zero for that test. Use of these devices during a test is considered *de facto* evidence of cheating and could result in a charge of academic dishonesty.

5. Students who are members of the university athletic teams should submit their respective game schedules properly signed by the officials in the athletics department at the beginning of the semester. Appropriate arrangements will be made for regular assignments if there is a conflict with the game schedule.
6. Students are expected to be on time for exams. No student will be allowed to begin an exam after the first person to finish that exam has left the room.
7. Academic Dishonesty: All students are expected to engage in all academic pursuits in a manner that is above reproach. Students are expected to maintain honesty and integrity in the academic experiences both in and out of the classroom. Any student found guilty of dishonesty in any phase of academic work will be subject to disciplinary action. The University and its official representatives may initiate disciplinary proceedings against a student accused of any form of academic dishonesty including but not limited to, cheating on an examination or other academic work which is to be submitted, plagiarism, collusion and the abuse of resource materials. For a complete listing of the university policy, see: <http://www.shsu.edu/dotAsset/728eec25-f780-4dcf-932c-03d68cade002.pdf>
8. Disability Accommodation: It is the policy of Sam Houston State University that individuals otherwise qualified shall not be excluded, solely by reason of their disability, from participation in any academic program of the university. Further, they shall not be denied the benefits of these programs nor shall they be subjected to discrimination. Students with disabilities that might affect their academic performance should register with the Office of Services for Students with Disabilities located in the Lee Drain Annex (Phone 936-294-3512, TDD 936-294-3786, and E-mail disability@shsu.edu). They should then make arrangements with their individual instructors so that appropriate strategies can be considered and helpful procedures can be developed to ensure that participation and achievement opportunities are not impaired.

SHSU adheres to all applicable federal, state, and local laws, regulations, and guidelines with respect to providing reasonable accommodations for students with disabilities. If you have a disability that may affect adversely your work in this class, then I encourage you to register with the SHSU Services for Students with Disabilities and to talk with me about how I can best help you. All disclosures of disabilities will be kept strictly confidential. Note that no accommodation can be made until you register with

the Services for Students with Disabilities. For a complete listing of the university policy, see: <http://www.shsu.edu/dotAsset/187f9029-a4c6-4fb4-aca9-2d501f2a60f3.pdf>

9. Religious Holy Day Policy: Section 51.911(b) of the Texas Education Code requires that an institution of higher education excuses a student from attending classes or other required activities, including examinations, for the observance of a religious holy day, including travel for that purpose. Section 51.911 (a) (2) defines a religious holy day as: “a holy day observed by a religion whose places of worship are exempt from property taxation under Section 11.20...” A student whose absence is excused under this subsection may not be penalized for that absence and shall be allowed to take an examination or complete an assignment from which the student is excused within a reasonable time after the absence.

University policy 861001 provides the procedures to be followed by the student and instructor. A student desiring to absent himself/herself from a scheduled class in order to observe (a) religious holy day(s) shall present to each instructor involved a written statement concerning the religious holy day(s). The instructor will complete a form notifying the student of a reasonable timeframe in which the missed assignments and/or examinations are to be completed. For a complete listing of the university policy, see: <http://www.shsu.edu/dotAsset/0953c7d0-7c04-4b29-a3fc-3bf0738e87d8.pdf>

10. The graduating seniors are encouraged to make serious efforts to receive the required/desired grades so that they may graduate on time and without any problem.

Outline of Topics:

Part I: Money and the Financial System

1. An Overview of the Financial System (Chapter 2)
2. Money and the Payments System (Chapter 3)
3. The Basics of Interest Rates (Chapter 5 & 6)

Part II: Central Bank, Money Supply, and Monetary Policy

4. The Federal Reserve System (Chapter 15)
5. The Money Supply Process (Chapters 16)
6. Monetary Policy (Chapter 17-18)

Part III: Monetary Theory

7. Modeling Money (Chapter 11)
8. Output, Inflation, and Monetary Policy (Chapter 12; Lecture Notes/Handout)
9. Monetary Policy in Modern Macroeconomic Models (Chapter 13)
10. More on the Monetary Policy Transmission Mechanism (Lecture Notes/Handout)

Part IV: International Interdependence

11. Economic Interdependence, Exchange Rate, and Monetary Policy (Chapter 14)
12. The Global Financial Crisis (Lecture Notes)

Tentative Time Schedule

Time	Topics
Before Midterm 1	1 through 4
Between Midterm 1 and 2	5 through 8
Between Midterm 2 and 3 (and Final)	9 through 12

Important Dates to Remember

January 17 WEDNESDAY	First Day of Class. Late registration and process class schedule changes online.
February 1 THURSDAY	Twelfth Class Day. Last day to drop Full Term courses without a “Q” and receive 100% refund. Degree applications to be filed in the Registrar's Office by students graduating in May 2018
February 19 MONDAY	Midterm Exam 1
March 12 – 16 MONDAY – FRIDAY	Spring recess for students and faculty
March 28 WEDNESDAY	Midterm Exam 2
April 6 FRIDAY	Last day to drop Full Term courses with a Q. Students will not be permitted to drop Full Term courses after this day, and will receive the grade they will have earned.
May 2 WEDNESDAY	Midterm Exam 3
May 4 FRIDAY	Last day to resign.
May 9 WEDNESDAY	Final Exam (12:00 – 2:00 p.m.)

Please visit:

Department of Economics and International Business Website
<http://www.shsu.edu/academics/economics-and-international-business/>

Facebook group: <https://www.facebook.com/groups/208741956458/>