

ECON 3320: MONEY AND BANKING

Spring 2024

Instructor: Louis Rouanet	Time: TR, 9:00 - 10:20 pm (section-002), TR, 10:30 pm - 11:50 pm (section-003)
Email: lcrouanet@utep.edu	Place: BUSN 313 (section-002); BUSN 301 (section-003)

Office Hours: By appointment. Room 305.

1 Course Description

This class aims to learn the economic analysis applied to money, banking, financial markets, and the relationship between fiscal and monetary policy.

I expect students to be familiar with functions, graphs, algebra, and supply and demand.

One textbook is required for the class:

- Mishkin, *The Economics of Money, Banking, and Financial Markets*, 13th edition.

You must arrive in class *having already done the readings*. Readings are not a substitute for not coming to class. Coming to class is not a substitute for not reading the material.

2 Evaluation and Grading

Your final grade will be calculated as followed:

Assignment	Weight
Quizzes	25%
Problem sets	20%
Midterm	25%
Final	30%
TOTAL	100%

Quizzes. Each class, you will have a quiz on the assigned readings. The quiz questions will be drawn from the “Questions” at the end of each chapter and the short-article readings.

Problem sets. You will have two take-home problem sets during the semester.

Midterm. The midterm will cover the first part of the class.

Final. The final will be comprehensive.

2.1 Make-up grades policy

There will be no make-up quizzes whatever the reason for your absence. I drop the 3 lowest quizzes at the end of the semester.

Makeups for the midterm and final exams are given **ONLY** for excused absences or if the student has obtained the instructor's **PRIOR** approval. If you miss the midterm or final exams with an unexcused absence you will receive a zero for that exam.

2.2 Grading scale

A:	B:	C:	D:	D:
85-100%	75-84%	60-74%	50-59%	50% and below

I do not round up grades, no matter what.

3 Extra credits

The [Center for Free Enterprise](#) at UTEP is organizing two public lectures this semester:

- Thomas Hogan
- Yeonmi Park

If you come to one of the public lecture, you get **an additional 3.5 percentage points in the class**. If you come to both public lectures, you get **an additional 10 percentage points in the class**. If you also bring guests who are not in either my class or Professor Nicolas Chachanosky's class, **I will drop an additional quiz per guest for up to two guests**. Guests need to be notified to me at least one day before the event to bmbaltazar2@utep.edu. Do not send those notifications to me.

To be eligible for extra credits, you need to have at least a "C" in the class by yourself.

For those who cannot come to the event because of conflicting schedules with another class, you can have some or all of the attendance extra credits by writing a 3,000-word report on one of the following two books. How much extra credit you get out of this assignment, obviously, depends on the quality of your work:

- Wigglesworth, R. (2021). *Trillions: How a band of wall street renegades invented the index fund and changed finance forever*. Penguin.
- White, L. H. (2012). *The clash of economic ideas: The great policy debates and experiments of the last hundred years*. Cambridge University Press.

4 Other opportunities

The Center for Free Enterprise also offers tuition support through the [James M. Buchanan Reading Group](#).

5 Tentative schedule

Date	Topic	Readings
16 - January	Introduction	Ch. 1
18 - January	An overview of the Financial System	Ch. 2
23 - January	What is money?	Ch. 3 How Common Has Private Currency Been?
25 - January	The Meaning of Interest Rates	Ch. 4 Why are real interest rates so low?
30 - January	The Behavior of Interest Rates	Ch. 5
2 - February	The risk and term structure of interest rates	Ch. 6 The Federal Reserve's Deficit
6 - February	The risk and term structure of interest rates	Ch. 6 The Federal Reserve's Deficit
8 - February	The stock market, rational expectations and the EMH	Ch. 7 What Are Bubbles?
13 - February	An economic analysis of financial structure	Ch.8
15 - February	Banking and the management of financial institutions	Ch.9
20 - February	Economic analysis of financial regulation	Ch.10 Not Smart Financial Regulation
22 - February	Financial crisis. FIRST PROBLEM SET DUE.	Ch.12 & Don't Expand Deposit Insurance.
27 - February	EXAM REVIEW	
29 - February	MIDTERM	
5 - March	Central banks and the Fed	Ch.13 Understanding Inflationary Finance
7 - March	The Money supply process	Ch.14 Modeling the Money Supply
12 - March	Tools of monetary policy	Ch.15 The corridor system The floor system
14 - March	The conduct of monetary policy	Ch.16 The Fed's State of Exception
19 - March	The foreign exchange market	Ch.17 The Incredible Bouncing Ruble
21 - March	The international financial system	Ch.18

Date	Topic	Readings
26 - March	Is the market economy unstable?	Keynesian Circular-Flow Analysis
28 - March	The capital structure	Hayekian Means-Ends Analysis
2 - April	Comparative Macroeconomic Frameworks	1. Comparative Macroeconomic Frameworks 2. The Four Blind Men
4 - April	The Quantity theory	Ch.19 & The Greedflation Myth
9 - April	Aggregate Demand and Supply analysis	Ch. 22 Stable Prices or Stable Spending?
11 - April	The Philipps curve	Ch.22 (appendix) & Should the Fed Stimulate Growth?
16 - April	IS-LM	IS-LMentary Why I don't like IS-LM.
18 - April		
23 - April	Monetary Policy Theory	Ch.23 & Money and that Old-Time Fiscal Religion
25 - April	The role of expectation in monetary policy	Ch.24 & 25 Asymmetric Average Inflation Targeting
30 - April	Buffer for when we are irremediably late	
2 - May	EXAM REVIEW	

6 Course Policy

This syllabus is between me and you, my students. I will do my absolute best to uphold my end of the contract and expect you will do the same. I reserve the right to do minor adjustments to the educational content of this class as well as to the grading policy.

6.1 Course drop requirement.

I will not drop you from the course. However, if you feel that you are unable to complete the course successfully, please let me know and then contact the Registrar's Office to initiate the drop process. If you do not, you are at risk of receiving an "F" for the course.

6.2 Grievance Procedure

Any grievance about grading must be specific or is non-receivable. I encourage you to reach out to me if you consider your grade to be wrong. If you seek another grade, I will give your assignment/test to a colleague who will grade in my stead. Whatever the grade my colleague gives, whether it is *lower or higher* will be your new grade.

6.3 Late work

I accept late work but divide your grade by 2 each extra day after the deadline. This means you will be graded on 50 if you give your assignment late, 25 if you are more than one day late, etc.

6.4 Scholastic Integrity

Academic dishonesty is prohibited and is considered a violation of the UTEP Handbook of Operating Procedures. It includes, but is not limited to, cheating, plagiarism, and collusion. Cheating may involve copying from or providing information to another student, possessing unauthorized materials during a test, or falsifying research data on laboratory reports. Plagiarism occurs when someone intentionally or knowingly represents the words or ideas of another as one's own. Collusion involves collaborating with another person to commit any academically dishonest act. Any act of academic dishonesty attempted by a UTEP student is unacceptable and will not be tolerated. All suspected violations of academic integrity at The University of Texas at El Paso must be reported to the Office of Student Conduct and Conflict Resolution (OSCCR) for possible disciplinary action. To learn more, please visit HOOP: Student Conduct and Discipline.

6.5 Cheating

Cheating will be severely punished. The **minimum** punishment for cheating is an "F" for the class. Using cellphones during a test, *whatever the intent* is considered cheating.

6.6 ADA Accommodation

The University is committed to providing reasonable accommodations and auxiliary services to students, staff, faculty, job applicants, applicants for admissions, and other beneficiaries of University programs, services and activities with documented disabilities in order to provide them with equal opportunities to participate in programs, services, and activities in compliance with sections 503 and 504 of the Rehabilitation Act of 1973, as amended, and the Americans with Disabilities Act (ADA) of 1990 and the Americans with Disabilities Act Amendments Act (ADAAA) of 2008. Reasonable accommodations will be made unless it is determined that doing so would cause undue hardship on the University. Students requesting an accommodation based on a disability must register with the UTEP Center for Accommodations and Support Services (CASS). Contact the Center for Accommodations and Support Services at 915-747-5148, email them at cass@utep.edu, or apply for accommodations online via the CASS portal.

6.7 Respect

Disrespectful behavior toward others will not be tolerated. This includes discriminatory and harassment misconduct, dishonesty, arriving late to class without prior notice and a good justification, theft, disturbing other students in class, etc. Any disrespectful action will lead you to be kicked out of class.

If you are no more than 5 minutes late for class, you are welcome to enter the classroom. However, I strongly suggest that you quickly and quietly be seated at the seat available closest to the front row. *If you are later than 5 minutes, do not enter the classroom* except if you have my authorization at least 24 hours before the class.

6.8 COVID-19

Please stay home if you have been diagnosed with COVID-19 or are experiencing COVID-19 symptoms. If you are feeling unwell, please let me know as soon as possible, so that we can work on appropriate accommodations. If you have tested positive for COVID-19, you are encouraged to report your results to covidaction@utep.edu. For more information on COVID-19 testing at UTEP, please visit: <https://www.utep.edu/ehs/covid/>.

6.9 COURSE RESOURCES : Where you can go for assistance

UTEP provides a variety of student services and support:

Technology Resources:

- **Help Desk:** Students experiencing technological challenges (email, Blackboard, software, etc.) can submit a ticket to the UTEP Helpdesk for assistance. Contact the Helpdesk via phone, email, chat, website, or in person if on campus.

Academic Resources

- **UTEP Library:** Access a wide range of resources including online, full-text access to thousands of journals and eBooks plus reference service and librarian assistance for enrolled students.
- **University Writing Center (UWC):** Submit papers here for assistance with writing style and formatting, ask a tutor for help and explore other writing resources.
- **Math Tutoring Center (MaRCS):** Ask a tutor for help and explore other available math resources.
- **History Tutoring Center (HTC):** Receive assistance with writing history papers, get help from a tutor and explore other history resources.
- **RefWorks:** A bibliographic citation tool; check out the RefWorks tutorial and Fact Sheet and Quick-Start Guide.

Individual Resources

- **Military Student Success Center:** Assists personnel in any branch of service to reach their educational goals.
- **Center for Accommodations and Support Services:** Assists students with ADA-related accommodations for coursework, housing, and internships.
- **Counseling and Psychological Services:** Provides a variety of counseling services including individual, couples, and group sessions as well as career and disability assessments.