Rutgers University  
Department of Economics

Economics 220:301: B7:00027  
Money and Banking  
Summer 2015

Class Location: Scott Hall 106 (CAC)  
Class Hours: Monday, Tuesday, Wednesday and Thursday 10:20 - 12:10 AM  
Final Exam: Thursday, July 2, 10:20-12:10 AM

Instructor: Vladimir Kolchin  
Email: v.kolchin@econ.rutgers.edu  
Office: NJ Hall 406, CAC  
Office Hours: Monday, 8:20-10:20 AM or by appointment  
Class prerequisites: Econ 102 (Intro to Micro) and Econ 103 (Intro to Macro). Money and Banking is a lower level elective course.

Learning Outcomes
Students who satisfactorily complete Money and Banking will understand the role of money and banks in the broader economy. Specifically, students should garner an understanding of the unique role of banks in the financial system. Students will also learn the relevance of the Federal Reserve and related central banking topics, including the causes, policy responses, and lessons associated with financial market crises.

Course Materials

If some students opt to using the older editions, it is students’ responsibility to overcome any problems related with the changes introduced in the latest edition (10th). The lectures will be primarily based on the chapters of the textbook. However, some lectures will be supplemented with other materials. These materials include (I will let you know separately if there are changes in this list):
(c) The Federal Reserve and the Financial Crisis. Chairman Bernanke's College Lecture Series.  
(d) Ashcraft and Schuermann (2008), Understanding the Securitization of Subprime Mortgage Credit. FRB of New York, Staff Report 318.

In order to succeed in this class it is expected that you (1) attend the class, (2) follow the discussion, (3) take notes, (4) ask relevant questions when something is not clear (either in class or during the office hours). All the lectures in this course will include some material that is not covered in the textbook. The exams and quizzes will be based on what we cover in the classroom. In addition, we will be selective in terms of covering the material of the book for some topics. In other words, you do not have to study the whole chapter of the book for a number of the topics in order to perform well on the exam or quiz (but you are encouraged to read extra material if you develop interest in the subject).  All in all, you will be better off attending the lectures and following the above recommendations.

Course Outline
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<th>Lecture:</th>
<th>Materials:</th>
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<tr>
<td>I. Introduction to the Financial System</td>
<td>Mishkin, chapter 1, 2</td>
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<td>II. Money</td>
<td>Mishkin, chapter 3</td>
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<td>III. Understanding Interest Rates and their Behavior</td>
<td>Mishkin, chapter 4, 5</td>
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<td>IV. The Risk and Term Structure of Interest Rates</td>
<td>Mishkin, chapter 6</td>
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<td>V. The Stock Market and the Efficient Market Hypothesis</td>
<td>Mishkin, chapter 7</td>
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<td>VI. Portfolio Theory and Derivatives</td>
<td>Ball, chapter 5, Shiller, lecture 4</td>
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<td>VII. An Economic Analysis of Financial Structure</td>
<td>Mishkin, chapter 8</td>
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<td>VIII. Banking and the Management of Financial Institutions</td>
<td>Mishkin, chapter 10</td>
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<td>IX. 2007-2008 Financial Crisis</td>
<td>Ashcraft and Schuermann (2008), Ball, chapter 18, Bernanke's College Lecture Series</td>
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<td>X. Central Banks and the Federal Reserve System</td>
<td>Mishkin, chapter 13</td>
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<td>XI. The Money Supply Process</td>
<td>Mishkin, chapter 14, Bernanke's College Lecture Series</td>
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**Academic Integrity and Grading Policy**

- Students are expected to maintain Academic Integrity. Therefore, cheating in an exam/quiz will be reported and considered as a serious violation. You may take a look at academic integrity policy at: [http://academicintegrity.rutgers.edu/files/documents/AI_Policy_9_01_2011.pdf](http://academicintegrity.rutgers.edu/files/documents/AI_Policy_9_01_2011.pdf).
- Students with disabilities must present a letter from the RU Office of Disability Services before the first quiz.
- Students are expected to attend all classes. If you expect to miss one or two classes because of illness or a family emergency, please use the University absence reporting website ([https://sims.rutgers.edu/ssra/](https://sims.rutgers.edu/ssra/)) to indicate the date and reason for your absence. An email is automatically sent to me.
- During the term, there will be two quizzes, one midterm and one final exam. Out of two quizzes, the quiz with the highest grade will be used for the calculation of your final course grade. The final exam will not be cumulative.
- Only if a student misses an exam due to a cogent reason, s/he will be allowed to take a make-up exam at the end of the course. The make-up exam will be cumulative. The questions and format of the make-up exam may differ from the scheduled exam.
- There is no extra-credit work in this class.

**Important dates:**

- Thursday, May 28 Last day to drop classes with “W” grade and 50% of refund
- Monday, June 8 Quiz 1
- Tuesday, Jun 16, Midterm
- Friday, June 26 Last day to drop classes with “W” grade and no refund
- Thursday, Jun 25 Quiz 2
- Thursday, July 2: Last day of classes
- Thursday, July 2, 10:20-12:00 am Final Exam

- Course grades will be based a quiz (20%); a midterm exam (40%); and a final exam (40%).
- Grading: 100% > A ≥ 90%; 90% > B+ ≥ 87%; 87% > B ≥ 80%; 80% > C+ ≥ 77%; 77% > C ≥ 70%; 70% > D ≥ 60%; 60% > F