

Professor Sandra Klein  
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Office hours: Thursdays 9:30 – 10:45  
See Blackboard for TAs' office hours

**The course:** Money and financial markets are all around us. We use money every day and most of us are familiar with banks. Behind the scenes, however, people we never see are making decisions that affect important aspects of our lives. Actions taken by investors in the bond markets can impact how much we can afford to borrow in student loans, what size house we can buy, what return we'll get on our savings, etc. Furthermore, the actions of investors in the stock market buying and selling put (upward or downward) pressure on the price of the firm's stock, determining how much money a firm can raise by issuing new shares. Venture capitalists choose to fund some new start-ups and to not fund some others, ultimately deciding which new products we can buy.

In this course, we'll learn about money – what is it exactly and how does it affect the economy? We'll look at how interest rates are determined and what they mean. We'll study financial instruments and financial institutions. We'll try to get a better understanding of how we value assets over time, of how financial markets work, of how riskiness is priced in an asset (as well as what risk is). We'll look at what might explain the recent financial crisis and perhaps deepening recession. We'll do all of this and more, building on the foundation of economic principles and analysis.

**Grades:** The course grade will be based on two midterm exams and a comprehensive final exam.

The grades will be calculated as follows.

1 <sup>st</sup> midterm	25%
2 <sup>nd</sup> midterm	25%
Final exam	50%

Plus/minus grading will be used with the usual ten point scale (e.g., 97-100, A+; 93-96, A; 90-92, A-).

**Attendance and Lectures:** You are expected to attend all classes. Your attendance *and participation* in class will help you to understand the material better and have better performance on the exams. Lectures cover not only material in the text but also related information and applications.

In case of an unavoidable absence, you are still responsible for all material covered in lectures and anything else you missed (e.g., pop quiz). You should get lecture notes from

a classmate as the instructor's lecture notes will not be available to you. It is a good idea to get the phone numbers and/or email addresses of two or more students who live near you.

In Economics, each lecture will build on previous lectures so attendance is crucial for your success in the class. Before each class, you should review your notes from the previous class(es). Clear up any misunderstandings of the material quickly so that you don't get too far along having built on a shaky foundation! I will usually open every class with a request for your questions about the material already covered.

**Exam dates and policies:**

1 <sup>st</sup> Midterm	Thursday September 24, 8:00 – 9:00
2 <sup>nd</sup> Midterm	Thursday October 29, 8:00 – 9:00
Final exam	Friday December 11, 3:30 – 5:30 p.m.

Please mark your calendars NOW with those exam dates. If you cannot take the final exam at the scheduled time, you need to drop the class.

No makeup exams will be given, period. If you miss and midterm with a University-approved excuse (e.g., illness requiring a doctor visit, death in the family, etc.) and can provide documentation, then the remaining exams will be re-weighted proportionally. For example, if you miss the first exam with a University-approved excuse, the other midterm will be 34% and the final exam 66% of your grade.

Unexcused absences from a midterm will result in a grade of zero for that midterm.

Please make yourself familiar with the following rules regarding the tests:

- Bring your own pencil and eraser to the exam.
- Students will not be allowed to wear a hat *of any kind* during the exam.
- You must show your student ID to turn in the test.
- No calculators are allowed.
- You will not be allowed to ask any questions during the exam.
- Absolutely nothing other than your exam and pencil may be on your desk during the exam.
- As for material on the exam, you will not be tested on anything in the textbook that is not covered in class. However, all material covered in lectures (whether covered in the textbook or not) is fair game for the exams.

**Textbook:** Frederic S. Mishkin, *The Economics of Money, Banking, and Financial Markets*, 9<sup>th</sup> edition, Pearson: Addison-Wesley, 2010.

Murray N. Rothbard, *The Mystery of Banking* available online at <http://mises.org/Books/mysteryofbanking.pdf>.

Please note: the purpose of the readings is to supplement the lecture material. However, I have developed the course independently of the text. Not everything in the course is

specifically covered in the readings, and corresponding material often has a different treatment. Therefore, although I have no formal attendance policy, coming to class is very important.

**Course Resources:** Short articles on current monetary and financial topics and other materials will be posted on Blackboard periodically for class discussion.

To keep your costs down, I did not require MyEconLab, but this is an excellent study tool for those who are interested in registering for it (it costs \$40). If you want more practice with the concepts, log on to [www.myeconlab.com](http://www.myeconlab.com), then under Register click on Student. Click on “Don’t have a course ID or studying on my own” and then enter Mishkin and the 9<sup>th</sup> edition. At that point, you can purchase access to the homework and self-quizzes. Note that these will NOT be graded by me or count toward your course grade.

**Questions:** If you have any questions about anything related to the class, please check the Frequently Asked Questions page and the announcements page on Blackboard first. If you can’t find your answer there, email the TA assigned to you.

Last name begins with	TA	Email
A – L	Xue Li	<a href="mailto:xl3gc@mizzou.edu">xl3gc@mizzou.edu</a>
M – Z	Teerachat Techapaisarnjaroenki	<a href="mailto:ttnw5@mizzou.edu">ttnw5@mizzou.edu</a>

The TA will respond to you within 24 hours. If they cannot answer your question, they will forward your question to me and I will try to get you an answer.

Please note that these TAs are also available to you in their office hours, happy to help you to understand the material better.

**Important Dates to Remember:** Please make note of the following dates.

last day to drop a course without a grade: September 28  
last day to withdraw from a course: November 2  
Thanksgiving break: © November 23-27  
last day of class: December 9  
final exam: December 16

**Student Conduct Policies:** Students who are disruptive in class will be reported to the University's Office of Judicial Services. Polite and professional adult behavior will be expected at all times, including in lectures, office hours, and communication by phone, email, or otherwise. If an investigation finds that a student is guilty of violating the Student Code of Conduct, the student may receive university sanctions ranging from a warning to a suspension.

**Academic Integrity:** Academic integrity is fundamental to the activities and principles of a university. All members of the academic community must be confident that each person's work has been responsibly and honorably acquired, developed, and presented. Any effort to gain an advantage not given to all students is dishonest whether or not the effort is successful. The academic community regards breaches of the academic integrity rules as extremely serious matters. Sanctions for such a breach may include academic

sanctions from the instructor, including failing the course for any violation, to disciplinary sanctions ranging from probation to expulsion. When in doubt about plagiarism, paraphrasing, quoting, collaboration, or any other form of cheating, consult the course instructor.

**The University's Academic Honesty Policy will be strictly enforced. That means NO cheating will be tolerated.** Exams and quizzes should reflect the student's own work without outside aid or notes of any kind. Improper conduct includes providing assistance to or receiving help from another person, or using a programmable calculator, a cell phone, notes, or the texts, etc. Violations of these rules will result in an "F" in the course and whatever additional disciplinary action the University of Missouri imposes. Summary: It's simply not worth it to cheat. It will leave a permanent stain on your integrity!

**Disabilities:** If you need accommodations because of a disability, if you have emergency medical information to share with me, or if you need special arrangements in case the building must be evacuated, please inform me immediately. Please see me privately after class, or in my office.

To request academic accommodations, students must register with the Office of Disability Services (ODS). It is the campus office responsible for reviewing documentation provided by students requesting academic accommodations, and for accommodations planning in cooperation with students and instructors, as needed and consistent with course requirements.

To receive special exam accommodations for your disability, you will need to submit to the instructor a Letter of Accommodation from the Office of Disability Services (ODS). For each accommodated exam the student should submit an Adaptive Examination Request form from ODS at least 7 BUSINESS DAYS before the accommodation is expected. Please note that ODS requires a 7 business days lead-time for hourly exams but has a deadline of before Thanksgiving week for final exams.

**Intellectual Pluralism:** The University community welcomes intellectual diversity and respects student rights. Students who have questions concerning the quality of instruction in this class may address concerns to either the Departmental Chair (David Mandy at [MandyD@missouri.edu](mailto:MandyD@missouri.edu)) or the Director of the Office of Students Rights and Responsibilities (<http://osrr.missouri.edu/>). All students will have the opportunity to submit an anonymous evaluation of the instructor at the end of the course.