

ECON 3229
Economics of Money, Banking, and Financial Markets
Fall 2011

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Office hours:

Monday: Professor Klein 11:15-12:30 in Professional 229
Tuesday: Job 11:30 a.m. - 1:00 p.m. in Professional 323
Wednesday: 3:20 p.m. - 4:50 p.m. in Professional 323
Thursday: Job 11:30 a.m. - 1:00 p.m. in Professional 323
Friday: April 8:20 a.m. -9:50 a.m. in Professional 323

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 share price, 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 the 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 online homework in MyEconLab, two midterm exams and a comprehensive final exam.

The grades will be calculated as follows.

MyEconlab 15%

1st midterm 25%

2nd midterm 25%

Comprehensive final 30%

There is a possibility of recovering from poor performance on one or both of the midterms. I will discount the weight of the midterm(s) by half and add that weight to that of the final exam. Each student's course grade will be calculated the following four ways:

	As stated above	Discount 1st	Discount 2nd	Discount both
MyEconLab	15%	15%	15%	15%
Exam 1	25%	12.5%	25%	12.5%
Exam 2	25%	25%	12.5%	12.5%
Final	35%	47.5%	47.5%	60%

Your grade will be the highest of those four calculations. Note that the weight of a discounted exam is not added to the weight of another midterm exam. Also please note that this will be done for each student *automatically* so that there is no need to inform the instructor of your desire to discount one of the midterms. There is no possibility of discounting the comprehensive final; the lowest the final exam will count is 30% of your course grade.

Plus/minus grading will be used with the usual ten point scale (e.g., 97-100, A+; 93-96, A; 90-92, A-). Note that you earn points toward your course grade **ONLY** by answering questions correctly in your homework, on any pop quizzes in class, and on the exams.

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.

If you would like to make your notes available for other students to purchase, send an email to me in the following format: name, e-mail, price per lecture (for example, Jane Doe, jdoe@email.com, \$3/lecture). This information will be posted on Blackboard. Students wishing to buy notes should make arrangements directly with the seller and pay in cash. My role in this market is limited to providing information on sellers, it does not include an endorsement of any students' notes.

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.

You are responsible for everything presented in class, including announcements. I will usually make an announcement or two at the beginning of each class. If you are somebody who is chronically late to class, be sure to get the announcements from classmates as not all of the relevant information makes its way onto Blackboard (hopefully most of it does, but I don't promise).

Exam dates and policies:

1 st Midterm	Wed. September 28, 8:00 - 9:00 p.m.
2 nd Midterm	Wed. November 2, 8:00 – 9:00 p.m.
Final exam	Tue. December 13, 8:00 - 10:00 p.m.

The location of the exam will be announced in class as soon as it is arranged. 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.

Please note that lecture is cancelled on the days of the midterms.

No makeup exams will be given, period. If you miss a 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. Please note that documentation *is* required.

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

No make-ups will be allowed on missed homework assignments, quizzes, extra credit, etc. No exceptions.

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.
- Unless stated otherwise, you will not be tested on anything in the textbook that is not covered in class or on Blackboard. However, all material covered in lectures (whether covered in the textbook or not) is fair game for the exams.

Textbook: R. Glenn Hubbard & Anthony Patrick O'Brien, Money, Banking, and the Financial System, First Edition, Prentice Hall, 2012.

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.

MyEconLab, besides counting 20% of your course grade, is an excellent study tool for those who will take advantage of all it has to offer. There is a study plan with options for you to quiz yourself, with links directly to the relevant material in the text. Please note that the MyEconLab problems are not intended to be examples of the kinds of problems you will see on my midterms, they are for *your practice* to help you master the material covered in the textbook chapters.

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 Head TA for the course, April at xl3gc@mail.mizzou.edu. The TA will respond to you within 24 hours. If she cannot answer your question, she 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:	Monday, September 26
last day to withdraw from a course:	Monday, October 31
Thanksgiving Break:	November 19 – 26
Reading day: Friday	December 9
final exam	Tuesday December 13, 8:00 - 10:00 p.m.

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.

A note on communication: Please keep all correspondence professional with proper grammar and spelling. I realize that most of you were born well into the age of electronic communication, but texting language has no place in business correspondence.

Academic Integrity: Academic honesty 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 academic dishonesty as an extremely serious matter, with serious consequences that range from probation to expulsion. When in doubt about plagiarism, paraphrasing, quoting, or collaboration, consult the course instructor.

Academic Dishonesty includes but is not necessarily limited to the following:

- A. Cheating or knowingly assisting another student in committing an act of cheating or other academic dishonesty.
- B. Plagiarism which includes but is not necessarily limited to submitting examinations, themes, reports, drawings, laboratory notes, or other material as one's own work when such work has been prepared by another person or copied from another person.
- C. Unauthorized possession of examinations or reserve library materials, or laboratory materials or experiments, or any other similar actions.
- D. Unauthorized changing of grades or markings on an examination or in an instructor's grade book or such change of any grade report.

Academic Integrity Pledge: *"I strive to uphold the University values of respect, responsibility, discovery, and excellence. On my honor, I pledge that I have neither given nor received unauthorized assistance on this work."* Students are expected to adhere to this pledge on all graded work whether or not they are explicitly asked in advance to do so.

The University has specific academic dishonesty administrative [procedures](#). Although policy states that cases of academic dishonesty must be reported to the Office of the Provost for possible action, **the instructor may assign a failing grade for the assignment or a failing grade for the course, or may adjust the grade as deemed appropriate** (emphasis mine). The instructor also may require the student to repeat the assignment or to perform additional assignments. In instances where academic integrity is in question, faculty, staff and students should refer to [Article VI of the Faculty Handbook](#). Article VI is also available in the [M-Book](#). Article VI provides further information regarding the process by which violations are handled and sets forth a standard of excellence in our community.

The University's Academic Honesty Policy will be strictly enforced. That means NO cheating will be tolerated. Summary: It's simply not worth it to cheat. It will leave a permanent stain on your record and your integrity will be irreparably damaged.

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 at my office.

To request academic accommodations (for example, a note taker or extended time on exams), students must also register with the Office of Disability Services (<http://disabilityservices.missouri.edu>), S5 Memorial Union, 882-4696. 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. Another resource, MU's Adaptive Computing Technology Center, 884-2828, is available to

provide computing assistance to students with disabilities. For other MU resources for students with disabilities, click on "Disability Resources" on the MU homepage.

The department of Economics Exam accommodation procedure for Students with Disabilities:

1. A disabled student who wants accommodations for an exam in Economics course must present the course instructor with a Letter of Accommodation from the Office of Disability Services (ODS) that documents the accommodations the student is entitled to receive. This should be done as early in the semester as possible.
2. For each accommodated exam, the student should bring the course instructor an Adaptive Examination Request Form from ODS. The course instructor is not required to accept such a request unless the student has first provided you with a Letter of Accommodation. ODS policies require that this form be provided to you at least 7 business days in advance for hourly examinations and by Thanksgiving Break (Spring Break) for fall (spring) final examinations.
3. The student section of the form must be properly filled out (including consistency with the Letter of Accommodation regarding the accommodations) and signed by the student. The course instructor must fill out the instructor portion including a note in the SPECIAL INSTRUCTIONS box and sign the form.
4. The white and pink copies of the form are given back to the student and the student must submit the white copy to ODS.

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) or the Director of the [Office of Students Rights and Responsibilities](http://osrr.missouri.edu/) (<http://osrr.missouri.edu/>). All students will have the opportunity to submit an anonymous evaluation of the instructor at the end of the course.