**Economics 320 – Money and Banking – Fall 2012**

**C*alifornia State University Channel Islands***

**Dr. Claudio Paiva**

Lectures: TTH 4:30 pm – 5:45 pm at SMI 1908 Final Exam: Dec 11 (Tuesday), 4 pm – 6 pm

Office Hours: Wed 11 am – 11:55 am; Thu 1:30 pm – 3:35 pm; and by appointment

Office Location: Sage Hall 2039 Phone: (805) 437 2684 E-mail: claudio.paiva@csuci.edu

**Course Description**

Nature and functions of money and its relation to prices; the monetary system of the United States; the functions of

banks, bank credit, foreign exchange and monetary control. The impact of monetary policy on economic activity.

Pre-requisites: ECON 110; ECON 111; and MATH 140 or MATH 150

Textbook: Mishkin – The Economics of Money, Banking, and Financial Markets (10th edition). ISBN 0-13-277024-5

**Course Learning Objectives**

Students who successfully complete this course will be able to:

* Describe the structure of the private banking industry in the United States and its relation to the Federal

Reserve System.

* Explain the process through which the banking system may be said to produce the nation's money supply.
* Describe the principal tools of monetary policy and explain how they might be used to combat inflation or

unemployment.

* Determine the effects of changes in money demand or money supply on interest rates.
* Predict the economic effects of exchange rate fluctuations.
* Assess the effects of domestic changes in the relative scarcity of money on export and international markets.
* Identify the sources of financial risk and the relationships between risk and expected returns.

**My Approach to Teaching**

This course is taught at the high level necessary for you to understand key current economic issues and the implications of macroeconomic policies. I believe my main role as a professor is to help you think through the material in a way that will lead you to understand and form a critical view of these economic developments and policies.

The textbook provides the foundation for the course. However, my lectures and assignments will also make extensive use of “case studies” based on current and past economic, political, and social events as reported or discussed in reputable media outlets (the Wall Street Journal, The New York Times, NBC, The Economist, CNN, etc.). These events may be discussed in class and/or provide context for exam questions. My main goal is to give you the basic tools to understand, analyze, and form a critical opinion about the main economic issues of our time. In many instances we will also discuss the links between economics, policies, politics, and social issues.

**What should you do to succeed in this course?**

1. *Think about the material –* Memorization and citations will not get you very far. You are expected to know how economic developments relate to each other, why economic variables move up or down, what these movements imply for economic performance, and how policy actions affect all this. Therefore, whether you are reading the textbook, studying for an exam, or attending my lectures, make sure you ask and understand “why”, make sure you ask and understand “how.” This is the kind of learning that will get you far in the course (i.e., grades) and in life (i.e., impressing the people who will hire and promote you).
2. *Don’t Just Show Up; Focus and Participate During Lecture* *–*  Make sure you really follow the discussion, understand each and every step taken to arrive at a certain conclusion, and take notes about the main discussion points (if you like taking notes). I see many students copying only what I put on the PowerPoint slides and what I scribble on the whiteboard. That is not very useful: first, because I post all my slides on Blackboard; second, what I write on the white board does not mean much if you do not put it in context (and context is given by the discussion during class time).
3. *Learn to Build the Bridges, Not Only to Describe the Islands –* And in this case, by islands I mean individual concepts/facts; by bridges I mean the logical connections among those concepts/facts and their “real world” implications.
4. *When Taking Notes and Studying the Material, Focus on the Bridges* *–* For instance: students who think it is sufficient to memorize that “an increase in interest rates reduces investment” will not do well in the course. Students who make sure to understand the channels through which an interest rate increase will reduce investment are likely to do much better. Sometimes I will only write on my slides that “an increase in interest rates reduces investment.” Everything else will come out during my explanation and our class discussions. You are then expected to follow, understand, and summarize the explanation and the discussion in your notes. If I gave you everything already written down, you wouldn’t be thinking about the process, so you wouldn’t be learning (you have a whole lot of things written down on your textbook, but buying a textbook doesn’t mean you learn the subject). Moreover, learning how to effectively follow a discussion, extract what is important, and arrange the main points in a logic sequence is an extremely valuable skill, even more valuable than the course subject.
5. *Come to Class* *–* I do not take attendance: I believe in freedom of choice and personal responsibility. But if you look at points 1-4 above, and if you remember that the course will be taught at a high level, you will probably arrive at the conclusion that coming to class is important.
6. *Read the Book* *–* The textbook is an extremely valuable source of information. You are expected to read every chapter covered in class – do not wait for specific reading assignments. My former students mentioned that reading the chapter before it is covered in class is very helpful.
7. *Read or watch (real) news* *–* and by adding “real” I intend to exclude “Showbiz Tonight,” E!News, and other similar shows (as fun as they may be). This course will be very much related to current events and economic issues. Try to test your knowledge as you watch/read the news: see if you can understand the arguments in the reports; come discuss them with me or mention them in class.
8. *Don’t Fall Behind*: Topics are highly interconnected, probably more so than in other courses. Make use of office hours, class discussions, or request a special appointment to clarify any questions you may have.

**How will you be graded?**

“READ-AHEAD” QUIZZES = 10% QUIZZES 5 & 6 = 10% FIRST EXAM = 20% SECOND EXAM = 25%

FINAL EXAM = 35%. The final will be cumulative, with more emphasis on the last block of material

The final course grade is based on the percentage of total points earned throughout the semester calculated as the ratio of the weighted sum of all points earned to the weighted sum of all points possible. I expect the class average to be a C. **As a general guideline, a weighted-average score of 60 percent would be needed for a D**; 70 percent for a C; 80 percent for a B; and 90 percent or more for an A. I follow the ABCDF system: there are no + - grades. Let me emphasize that I want you to learn, and I will be glad to provide you with extra help if needed: please don't hesitate to drop by during office hours or to make an appointment for another time.

**What will the exams be like?**

The exams in this course are designed to challenge your ability to apply the tools of economics and analyze real world problems. Pure memorization will not get you very far. Many questions shall require you to read an excerpt from a recent news article, explain the economic reasoning behind it, identify problems and suggest solutions using the theory and concepts covered in the course. In addition to proper application of the analytical techniques and extensive use of graphs, careful explanations in clear and concise written English are essential. Some math will be required. THERE WILL BE NO MAKE UP EXAMS.

You must bring a green scantron to all exams. The use of cell phones, computers, tablets, or I-pods is not allowed during exams. The only electronic gadget you may use during exams is a simple algebra calculator.

**What are “read-ahead quizzes” ?!**

Before I start covering some chapters, you will be asked to read, summarize, and take a quiz on the material in those chapters (these are chapters loaded with terms and definitions that do not require much explanation or critical thinking). You may use the summary you prepared at home while taking the quiz. **You should read the chapter and prepare your own, individual summary.** You will be asked to turn in your summary with the answers to the quiz. You should do well in the quizzes as long as you read, understand, and prepare an effective summary of the material to use during the quiz. You may come to my office hours or go to the tutoring center for help with your summary.

**Regular Quizzes**

Quizzes 5 and 6 will be “regular” quizzes covering the material discussed since the previous exam. Summary notes are not allowed during these quizzes.

**Practice Problems**

The textbook has several review questions and exercises at the end of the chapter. You do not have to turn in any problems or homework. It is your personal choice and responsibility to work on them. HOWEVER, I find it very unlikely that you will do well in the course without working through these problems. Please come to my office hours or special appointments and I will be glad to review your answers with you.



**Academic Honesty**

*1. Academic dishonesty includes such things as cheating, inventing false information or citations, plagiarism and helping someone else commit an act of academic dishonesty. It usually involves an attempt by a student to show possession of a level of knowledge or skill that he/she does not possess.*

*2. Course instructors have the initial responsibility for detecting and dealing with academic dishonesty. Instructors who believe that an act of academic dishonesty has occurred are obligated to discuss the matter with the student(s) involved. Instructors should possess reasonable evidence of academic dishonesty. However, if circumstances prevent consultation with student(s), instructors may take whatever action (subject to student appeal) they deem appropriate.*

*3. Instructors who are convinced by the evidence that a student is guilty of academic dishonesty shall assign an appropriate academic penalty. If the instructors believe that the academic dishonesty reflects on the student's academic performance or the academic integrity in a course, the student's grade should be adversely affected. Suggested guidelines for appropriate actions are: an oral reprimand in cases where there is reasonable doubt that the student knew his/her action constituted academic dishonesty; a failing grade on the particular paper, project or examination where the act of dishonesty was unpremeditated, or where there were significant mitigating circumstances; a failing grade in the course where the dishonesty was premeditated or planned. The instructors will file incident reports with the Vice Presidents for Academic Affairs and for Student Affairs or their designees. These reports shall include a description of the alleged incident of academic dishonesty, any relevant documentation, and any recommendations for action that he/she deems appropriate.*

*4. The Vice President for Student Affairs shall maintain an Academic Dishonesty File of all cases of academic dishonesty with the appropriate documentation.*

*5. Student may appeal any actions taken on charges of academic dishonesty to the "Academic Appeals Board."*

*6. The Academic Appeals Board shall consist of faculty and at least one student.*

*7. Individuals may not participate as members of the Academic Appeals Board if they are participants in an appeal.*

*8. The decision of the Academic Appeals Board will be forwarded to the President of CSU Channel Islands, whose decision is final.*

# Disability Accommodations:

# *Cal State Channel Islands is committed to equal educational opportunities for qualified students with disabilities in compliance with Section 504 of the Federal Rehabilitation Act of 1973 and the Americans with Disabilities Act (ADA) of 1990. The mission of Disability Accommodation Services is to assist students with disabilities to realize their academic and personal potential. Students with physical, learning, or other disabilities are encouraged to contact the Disability Accommodation Services office at (805) 437-8510 for personal assistance and accommodations.*

**Notice**

Information contained in this syllabus, other than that mandated by the University, may be subject to change with advance notice, as deemed appropriate by the instructor.