

MONEY AND BANKING

Section 004, Spring, 2016

Instructor: Nicholas R. Pusateri
Email: npusater@gmu.edu

Time: TR 12:00 – 1:15
Place: Robinson Hall, B111

Course Page: Relevant information will be posted on Blackboard which can be accessed at <https://mymasonportal.gmu.edu>.

Office Hours: TR 11:00-11:45, Mason Hall, 1st Floor, D167-2.

Required Text:

- R. Glenn Hubbard and Anthony P. OBrien, *Money, Banking and the Financial System*, 2nd Edition, (Prentice Hall). This text is abbreviated OH throughout the remainder of the syllabus.
- Murray Rothbard, *The Mystery of Banking*, 2nd edition (Ludwig von Mises Institute). This text is available online for free through the Mises Institute. This text is abbreviated R throughout the remainder of the syllabus.

Objectives: This course is primarily designed for economics majors. It will cover the basic functions of money, how changes in the money supply affect prices and interest rates, financial markets, commercial banking, and central banking. Furthermore, it will provide a brief history of banking in the United States. Students who complete the course should obtain a foundational understanding of monetary theory and the financial system.

Prerequisites: An undergraduate-level understanding of microeconomic principles, macroeconomic principles, and basic algebra is assumed.

Course Outline: This course will be broken down into three sections: monetary theory, banking theory, and a brief monetary and banking history of the US. After each section there will be an examination. A tentative schedule is as follows:

Monetary Theory

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| (1) Introducing Money and Banking | HO 1-2, R 1 |
| (2) Money Supply | R 2-4 |
| (3) Money Demand | R 2-4 |
| (4) The Quantity Theory of Money | HO 2 |
| (5) Financial Markets and Interest Rates I | HO 1-4 |
| (6) Financial Markets and Interest Rates II | HO 1-4 |
| (7) Interest Rates and the Loadable Funds Market I | HO 3-4 |
| (8) Interest Rates and the Loadable Funds Market II | HO 3-4 |
| (9) Review | NA |
| (10) Exam I | NA |

Banking Theory

(11) Review	NA
(12) The Economics of Banking I	HO 10
(13) The Economics of Banking II	HO 10
(14) Free Banking	R 9-10
(15) Central Banking	R 9-10
(16) Monetary Policy I	HO 13-15, R 11
(17) Monetary Policy II	HO 13-15, R 11
(18) Monetary Policy III	HO 13-15, R 11
(19) Review	NA
(20) Exam II	NA

History

(21) Review	NA
(22) History of Banking I	R 12-13
(23) History of Banking II	R 14-15
(24) History of Banking III	HO 12, R 16-17
(25) Review	NA
(26) Exam III	NA

Grade Composition: Participation (10%), Homework (15%), Exam I (25%), Exam II (25%), Exam III (25%).

Important Dates:

First Day of Class	Monday, January 23
Last Day to Withdraw	Friday, February 24
HW I	Tuesday, February 21
Exam I	Thursday, February 23
Spring Break	Monday, March 13 – Sunday, March 19
HW II	Tuesday, April 4
Exam II	Thursday, April 6
No Class	Tuesday, April 11 – Thursday, April 13
HW III	Tuesday, May 2
Exam III	Thursday, May 4

General Policies:

- Regular attendance is expected. To promote attendance, students will be called on at the beginning of each class period to present a current monetary issue found in a reputable source. I suggest consulting the newspapers such as the Wall Street Journal, New York Times, and Financial Times; or, blogs such as Ben Bernanke's Blog, Economics One, The Conscience of A Liberal, Alt-M, Marginal Revolution, TheMoneyIllusion, and Macro and Other Market Musings. When called upon, students will be required to present the current issue, their source, and the date of publication for their source. This exercise will factor into each students participation grade. Every student will be given the opportunity to present at least once.

- For each Exam, you must bring your own BLUE Scantron form, Number *SC882 – E* (available in the Bookstore), and a #2 pencil. Following exam instructions is a part of the exam; points will be deducted if you do not follow instructions.
- No one will be permitted to leave an exam before 30 minutes have elapsed. Additionally, no one may enter an exam after anyone has left. This is to prevent disturbances and enable performance.
- No make-up exams will be given. The weight of any missed test (other than the final) will be added to the final exam weight. It is not advisable to skip test. While there is no direct penalty, skipping test will likely result in poor performance on the final. Consult the course catalog for University policies regarding final make-up examinations.
- No late HW will be accepted. Late HW will receive a score of 0. Collaboration on HW is encouraged, however, each student is expected to turn in their own work. The purpose of HW is to prepare you for the examinations.
- Regarding electronic devices (such as laptops, cell phones, etc.), please be respectful of your peers and your instructor and do not engage in activities that are unrelated to class. Such disruptions show a lack of professionalism and may affect your participation grade.
- Students must use their MasonLive email account to receive important University information, including communications related to this class. I expect students to check their student emails regularly.
- I reserve the right to make changes to this syllabus throughout the course as needed.

Disability Accommodations: If you are a student with a disability and you need academic accommodations, please see me and contact the Office of Disability Services (ODS) at 993-2474, <http://ods.gmu.edu>. All academic accommodations must be arranged through the ODS.

Academic Honesty: Mason is an Honor Code university; please see the Office for Academic Integrity for a full description of the code and the honor committee process. The principle of academic integrity is taken very seriously and violations are treated gravely. What does academic integrity mean in this course? Essentially this: when you are responsible for a task, you will perform that task. When you rely on someone else's work in an aspect of the performance of that task, you will give full credit in the proper, accepted form. When in doubt (of any kind) please ask for guidance and clarification.