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 Powdermaker Hall 300-S  
 Office Hours:  
 Tue/Thu 11:00AM–noon

### ECON 215: Money and Banking Fall 2010

Section	Code	Meeting time	Location	Final exam
1T3RA	2727	Tue/Thu 1:40–2:55	Kiely 170	TBA

#### Sections below:

[Course Overview](#) | [Learning Objectives](#) | [Prerequisites](#) | [Math](#) | [Academic Honesty \(Cheating\)](#)  
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**COURSE OVERVIEW.** Events of the past several years have revealed how financial markets are a very important part of the U.S. economy. The collapse of Bear Stearns in Spring 2008, of Lehman Brothers later that fall, and the subsequent bailout of A.I.G. were hallmarks of the global financial meltdown that many economists believe was ultimately responsible for the Great Recession of 2008. What comprises financial markets? What do they do and why do we need them? If we need them, how can we work to prevent what just happened from happening again? And on a more personal level, how can you make money using your knowledge of financial markets after graduating from Queens College with a degree in accounting or economics?

**LEARNING OBJECTIVES.** In this course, we will cover the fundamental questions and issues in monetary and financial economics and provide a basis for further studies in financial economics and accounting that you will pursue later here at Queens College. Your specific learning objectives in Econ 215 include the following, in order of their appearance in the course, all based on material in the textbook and presented in class:

- Calculating interest rates (growth rates) from raw data and understanding their meaning
- Solidifying familiarity with core concepts in macroeconomics and finance: inflation, GDP, interest rates
- Understanding yield-to-maturity, present value, and the inverse relationship between yield and price
- Understanding the term structure of interest rates and why interest rates typically rise with maturity
- Conceptualizing the price of a company's stock as the present value of future dividends
- Learning about the causes and consequences of financial crises
- Understanding the roles and structure of financial markets: the nature of banks, nonbank financial institutions, and derivatives markets
- Identifying the rationale for and appropriate scope of financial market regulation
- Understanding the theory of money demand and why central banks can affect real economic activity
- Using the IS-MP-PC model of fluctuations to understand current events
- Exploring the tools, conduct, and transmission mechanisms of monetary policy
- Understanding the sources of inflation

**PREREQUISITES.** Both first-year principles courses: Econ 101 and 102 (or 103 and 104).

**MATH.** You do *not* need to have taken Math 131, Calculus with Applications to the Social Sciences; you do *not need to know calculus* to do well. But you will find that there is plenty of math in Econ 215. Although the undergraduate bulletin does not mention it, you *must* have a working knowledge of **algebra**

and **graphs** in order to pass the course. Some models can be understood through graphs alone, but others require algebra.

I will almost never expect you to memorize any math, but you must be able to recognize any math that I show you on an exam.

If you find yourself struggling with math, I suggest you either postpone Econ 215 until you have taken Math 131, which you must do to major or minor in economics, or make use of tutoring in Kiely 131.

**ACADEMIC HONESTY.** I take cheating extremely seriously. **CHEATING** consists of acts like *copying another student's problem set or exam*; copying my lecture slides and turning them in; discussing an exam with anyone during the exam; bringing crib sheets, notes, or other paraphernalia to the exam; and general tomfoolery. Cheating on a problem set earns you a zero and a warning. Cheating on an exam earns you an immediate F for the class and a referral to the VP for Student Affairs. I am ruthless with cheaters. Do not find this out the hard way.

Problem set 0 will consist of a plagiarism tutorial and quiz on the course Blackboard site. You will earn credit for learning about what constitutes plagiarism and thinking about the consequences. In today's world with ubiquitous use of the Internet, ownership and attribution can be confusing or seem antiquated. It isn't. Don't copy sources. Cite them. Use them to inform your own thinking.

**REQUIRED TEXT.** We will use the ninth edition of *Money, Banking & Financial Markets* by Professor **Frederic S. Mishkin**, published by Pearson, ISBN 0321599799. There are several ways you can access the textbook, so choose the one that is the best mix of price and convenience for you:

- Purchase the textbook from the QC book store
- Purchase the textbook from Amazon or another website that deals in (used) textbooks
- Purchase the online book version from the publisher at [www.pearson.com](http://www.pearson.com)
- Use the textbook on reserve at the QC Library. Visit the reserve/circulation desk on level 3 of the library, and bring the call number: HG173 .M632 2010

You could also buy the Business School 2nd edition of the Mishkin text. We will use that edition's special chapters, but they are also available from the Pearson website for students who purchase the 9th edition.

***Do not*** buy the MyEconLab homework component unless you want to try it out on your own time. In this class, you must complete problem sets and turn them in via the course's Blackboard site (see [PROBLEM SETS](#) below). Anything you might do on MyEconLab is frosting on the cake for you, not course credit.

**COURSE REQUIREMENTS.** Your overall grade in the course will depend on your performance on problem sets, a midterm exam, and a final exam. Each contributes to your course grade in this way:

- Ten short **problem sets** (plus a warm-up) are 10% of your final course grade
- One **midterm exam** is 35% of your final course grade
- One **final exam** is 55% of your final course grade

The midterm exam is in October and appears on the course calendar. It will cover chapters 1–7. The exact date, time, and location of the final exam will be announced as soon as they are known. Those with time conflicts must first see the registrar and then me.

The **final** will be **cumulative**, but you should expect to demonstrate your grasp of the concepts, not the details of the models or the math. This course is about creative thinking and problem solving in macroeconomics. The ideal method of preparation for the final exam, and for obtaining a good course grade, is to complete all the problem sets and the exams, and ask questions in office hours and in class.

**PROBLEM SETS** will be due roughly every week **ONLINE** on Sunday by midnight. Plan ahead. Do not email me on Sunday at 11:59 PM. I will not be available.

Problem sets will consist of online questions such as multiple choice true or false, etc., and will be administered and available through the course **Blackboard** site. You must use Blackboard to complete the problem sets. To complete your problem sets, navigate to Blackboard (see below), and enter the course site. Click on “Assignments” on the left-hand side navigation bar. Then click on the problem set you need to submit, and follow the instructions.

Please note that **late problem sets will not be accepted, period**. Please do not ask to make them up. You must complete them on time. *Start early, learn how, ask questions of me and of other students, and come to office hours. Take responsibility.*

**WEB SITES.** Course materials will appear on **Blackboard**, which you must learn how to use. There is also a publicly viewable [course website](#) where I place the syllabus but nothing else. The Blackboard web tool can be accessed at <http://www.cuny.edu> through the Log-in link at the bottom on the left-hand side. Once in, look for “Blackboard” under “SSO Applications” and click it. We will use version 8.0. *Do not navigate to version 6.3.* Help for Blackboard is available at <http://qcpages.qc.cuny.edu/edtech/BlackBoard/students.html>

**TWITTER** is a social networking tool that many of you may already know how to use (probably better than I do!). Some educators have formally introduced it into classroom settings to enhance the learning experience by increasing student participation. We’re going to join them.

**How to use [Twitter](#)** in the classroom:

- Sign up for a [Twitter](#) account
- Log in using your laptop, phone, or other device
- Use your laptop, phone, or other device to post questions or comments to **#econ215**
- Use Twitter for good, never for evil

Here is an example. Suppose we are discussing Gross Domestic Product (GDP), and you’d like to know whether GDP counts the value of used cars sold. You could raise your hand and ask, or you could tweet the following:

hey prof, does gdp include the value of used cars sold? #econ215

By including the hash “#econ215” at the end, you are linking your tweet to the universe of other folks who tweet about Econ 215. I will regularly check that page on [Twitter](#) during class, and I will answer all questions and try to tweet a (brief) response back, so that we have a record. My [Twitter](#) userid is RyanDEdwards. You could also tweet me directly, but I’d prefer that you use the hash instead.

**Reminders:**

- You only have 140 characters to use. For longer questions, use your mouth and tongue
- Please don’t be rude. Use your best Facebook-style thoughtful behavior
- Using Twitter during class to exchange ideas related to the class is a good idea. Using it during exams is not allowed and constitutes cheating

**STUDENTS WITH DISABILITIES** and other special needs will be fully accommodated. Please see the Queens College Office of Special Services in Kiely 171 (718-997-5870) to address these needs.

Week	Tuesday 1:40-2:55PM	Thursday 1:40-2:55PM	Sunday
1		<b>26-Aug</b> Class 1: Introduction and Motivation (Chapter 1)	<b>29-Aug</b> Problem set 0 due online by midnight
2	<b>31-Aug</b> Class 2: Review of Concepts & Tools (Ch 1, 1A, 2-3)	<b>2-Sep</b> Class 3: More on Money, Credit, Concepts (Ch 2-3)	<b>5-Sep</b> Problem set 1 due online by midnight
3	<b>7-Sep</b> Class 4: Interest Rates I (Chapters 4-6)	<b>9-Sep</b> <b>NO CLASS; ROSH HASHANAH</b>	<b>12-Sep</b>
4	<b>14-Sep</b> <b>NO CLASS; QC ON A FRIDAY SCHEDULE</b>	<b>16-Sep</b> Class 5: Interest Rates II (Chapters 4-6)	<b>19-Sep</b> Problem set 2 due online by midnight
5	<b>21-Sep</b> Class 6: Interest Rates III (Chapters 4-6)	<b>23-Sep</b> Class 7: <b>Movie Day:</b> "Inside the Meltdown"	<b>26-Sep</b> Problem set 3 due online by midnight
6	<b>28-Sep</b> Class 8: Interest Rates IV (Chapters 4-6)	<b>30-Sep</b> Class 9: Interest Rates V (Chapters 4-6)	<b>3-Oct</b> Problem set 4 due online by midnight
7	<b>5-Oct</b> Class 10: Interest Rates VI (Chapters 4-6)	<b>7-Oct</b> Class 11: The Stock Market (Chapter 7)	<b>10-Oct</b> Problem set 5 due online before class on Tuesday
8	<b>12-Oct</b> Class 12: In-Class Review for the Midterm	<b>14-Oct</b> Class 13: <b>IN-CLASS MIDTERM EXAM</b> Covers Chapters 1-7	<b>17-Oct</b>
9	<b>19-Oct</b> Class 14: Financial Structure (Chapter 8)	<b>21-Oct</b> Class 15: Financial Crises (Chapter 9)	<b>24-Oct</b>
10	<b>26-Oct</b> Class 16: Banking Principles (Chapter 10)	<b>28-Oct</b> Class 17: Financial Regulation (Chapter 11)	<b>31-Oct</b> Problem set 6 due online by midnight
11	<b>2-Nov</b> Class 18: The Banking Industry (Chapter 12)	<b>4-Nov</b> Class 19: Nonbank Finance (Web Chap 1)	<b>7-Nov</b> Problem set 7 due online by midnight
12	<b>9-Nov</b> Class 20: Derivatives (Web Chap 2)	<b>11-Nov</b> Class 21: Conflicts of Interest (Web Chap 3)	<b>14-Nov</b> Problem set 8 due online by midnight
13	<b>16-Nov</b> Class 22: Money Demand (Chapter 19)	<b>18-Nov</b> Class 23: The IS Curve (Chapter 20 & notes)	<b>21-Nov</b> Problem set 9 due online by midnight
14	<b>23-Nov</b> Class 24: The MP Curve (Chapters 20, 13 & notes)	<b>25-Nov</b> <b>NO CLASS; THANKSGIVING</b>	<b>28-Nov</b>
15	<b>30-Nov</b> Class 25: The IS-MP-PC Model (Chapter 20 & notes)	<b>2-Dec</b> Class 26: Tools of Monetary Policy (Chapter 15)	<b>5-Dec</b> Problem set 10 due online by midnight
16	<b>7-Dec</b> Class 27: Conduct of Monetary Policy (Chapter 16)	<b>9-Dec</b> Class 28: Review for the Final	<b>12-Dec</b>
	<b>Tue 12/14 - Tue 12/21</b> <b>FINAL EXAM in Kiely 170, date &amp; time TBD</b> The exam is cumulative		