

**ECON 330: MONEY AND BANKING**  
**Fall 2007**

*Instructor:* B. Starr McMullen  
*Office:* Ballard 232C  
*Office Hours:* MW 1:50-3:20 or by appointment  
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*Course Description:* This course takes a policy-oriented approach to analyzing the financial and monetary systems of the U.S. economy; our focus will be on the FOMC and the major decisions it makes about setting monetary policy. We begin by examining the financial system and the role of money. Then, we discuss financial markets, instruments, and interest rates. Next, we'll talk about financial institutions, in particular the Federal Reserve and the banking system. Next we discuss the process of money creation and the difficulties in modeling money. Finally, we'll study the conduct of monetary policy in the U.S. and the relationship between monetary policy and the economy. Current events will be emphasized throughout the course.

*Course Objective/Outcomes:* By taking this course, you will: (1) learn the fundamentals of the financial and monetary systems of the U.S. economy; (2) understand how economic news affects financial markets and how it influences the decisions of policymakers; (3) learn how monetary policy affects the economy; (4) be able to interpret and evaluate policy decisions made by the Federal Reserve (5) understand how to think analytically, using economic theory to solve problems.

*Prerequisites:* Economics 201 and 202.

*Required Textbook:* *Money, Banking, and Financial Markets* by Lloyd B. Thomas, Thomson Southwestern, 2006.

*Attendance:* Required.

*Students with Disabilities:* Students with documented disabilities who may need accommodations should inform the instructor no later than the first week of classes.

*General Policies:* During class, you should turn off your cell phone and not engage in activities that could distract the class, such as reading the newspaper or wearing headphones. Laptops are allowed only by special permission of the instructor in advance of use.

*Policy on Cheating, Plagiarism, Academic Dishonesty:* See OSU regulations.

*Exams:* There are two exams during the quarter, plus a comprehensive final exam. Material on exams is discussed in class or is found in assigned readings. Exams must be taken at the assigned dates and times except for health conditions excused by the student

health center or university-authorized events for which I must be provided with documentation. If you miss an exam, you will receive a grade of “0” unless it is an excused absence. If you know in advance that you will miss an exam for an excused activity (as described above), please see me at least two weeks in advance to arrange taking the exam at an earlier date.

*Homework/Quizzes/Worksheets:*

Ten percent of your grade is based on homework, quizzes, and worksheets. You should come to class prepared every day, which means reading the assigned material and reviewing your notes from the previous classes. Homework will be assigned in class and worksheets and quizzes may be given in class.

All homework assignments will be announced in class and it is the student’s responsibility to do assignments. Some worksheets may be due in class the day they are assigned, others may be due at a future date. For your information, assignments are posted on Blackboard *after* they are announced in class.

*Course Grade:*

The course grade will be calculated using the following weights:

- 30 — Exam I
- 30 — Exam II
- 30 — Comprehensive Final Exam
- 10 — Homeworks/Quizzes/Worksheets

Tentative Class Schedule: Any changes will be announced in class and subsequently posted on Blackboard

Week	Class Date	Chapter	Material
1-2	September 24- October 1	1 -4	Introduction: Money and Banking and the Financial System
2-3	October 1-8	5-6	Present Value and Interest Rates
3-4	October 10-15	7-8	The Stock Market/Foreign Exchange Market
4	October 17	MT #1	
5-7	October 22- November 5	9, skim 10-11 12, skim 13, 14-17	How Banks Work, The Federal Reserve System, Money Creation and Monetary Control
7	November 7	MT #2	
8-10	November 12-28	18-24	Monetary Policy, AD/AS, Money Demand
FINAL EXAM	Monday, December 3, 2007 9:30 am		