Excluding materials for purchase, syllabus information may be subject to change. The most up-to-date syllabus is located within the course in HuskyCT.

### Course and Instructor Information

**Course Title:** Money and Banking  
**Credits:** 3  
**Format:** Online  
**Prerequisite:** ECON 1200 or both ECON 1201 and 1202 (1201 may be taken concurrently).  
**Professor:** William Alpert

#### CONTACT INFORMATION:

Email: [alpert@uconn.edu](mailto:alpert@uconn.edu)  
NOTE: The best way to contact me is through my university email ([alpert@uconn.edu](mailto:alpert@uconn.edu)).

Telephones:  
- 203-251-8413 (o)  
- 914-524-0405 (o)  
- 203-384-2231 (home)  
- 203-455-4534 (cell)  
- 828-883-4462 (home)  

Office Hours: Any time by appointment:  
- Office 323 (Stamford Campus)  
- HuskyCT Chat/Skybox  
- Skype (william.alpert7)

Response time: I will respond to your inquiries within 24 hours. If you do not receive a reply within that period, send your email again or try to contact me using a different method.

### Course Materials

Required course materials should be obtained before the first day of class.

**Required Materials:**


Also required is access to MyEconLab for the textbook. Please be certain you obtain the right text/MyEconLab Combination.

The combination is described as follows: The Economics of Money, Banking and Financial Markets Plus MyEconLab with Pearson eText -- Access Card Package (11th Edition) Hardcover – January 8,
You can purchase an access card from the UConn Co-op. You can buy a card in person, in either Stamford or Storrs, or have the access card shipped to you via the Co-op’s Textbooks to Go service. (For more information, see Textbooks and Materials on our Enrolled Students page.) You can also buy an access card bundled with a paperback version of the textbook if you wish to have a physical book in addition to the e-text.

Finally, you are expected to have full access to The Wall Street Journal and at least library access to The Economist and the Financial Times.

ProctorU: This course has a requirement for a proctored final exam. All students must create an account with ProctorU and schedule their exam. There is no additional fee for this service, however, you will be charged a late fee if you do not schedule your exam at least 72 hours in advance. Review the details on how it works. NOTE: This service requires you to have a webcam, microphone and reliable internet connection: Test it Out

Other Required Materials:
- QuickTime to view movies.
- Adobe Reader to view PDFs.
- A text editing program, such as Word, to write and submit assignments.
- A spreadsheet program for manipulating problems, such as Excel.
- A fast, reliable internet connection.
- A University of Connecticut Supported Web Browser such as FireFox or Safari. HuskyCT and Chrome are often not a good match.

Course Description

This is a one-semester course in Money and Banking studying the nature of money, the origins of monetary standards and systems, the development and operation of commercial banking, the Federal Reserve System, and international monetary agencies. Beyond the catalog this class will cover all of the above, and concepts in finance, business cycles, and economic crisis.

Course Content Warning

None of the material in this class is intended to offend, shock or otherwise discomfort any student. However, please be aware that some descriptions, depictions or characterizations may be disturbing to you. If you think that they will be or appear to be, please consult with me and we will present the course content in other forms.

Course Objectives

1. Identify a “scientific revolution” in the manner of Thomas Kuhn and explain how the field of money and banking is undergoing a scientific revolution now.
2. Explain why studying money, banking, and credit is relevant to our lives.
3. Analyze some of the complexities of financial markets and fractional reserve banking.
4. Explain some of the inner workings of the current financial institutions.
5. Manipulate current and historical data in the financial and credit markets using the tools of economics.
6. Apply credit, money, and financial market theory and policy to current and episodes in financial history. Review financial news through the lens of an economist.
7. Analyze the theories of John Maynard Keynes, Gustav Cassel, Hyman P. Minsky, Ludwig von Mises, Milton Friedman, and others in explaining the capitalist business cycle and the roles of money those theories.
8. Use the tools of monetary policy to solve problems commonly faced by central banks and central bankers.
9. Explain the similarities and differences among Keynes, Friedman, Tobin, and Baumol with respect to money demand.
11. Describe how the foreign exchange market impacts monetary policy and the mechanisms of foreign exchange trading.

Course Outline

Introduction.
1) What is a scientific theory?
   a) What’s a theory and do you have one?
   b) Is economics a science?
   c) What is a scientific revolution according to Thomas Kuhn?
   d) Is economics undergoing a scientific revolution?
2) Why do we have money, what are the functions of money and what is money?
   a) Types of Money.
   b) M1 and M2 definitions.
3) What are financial instruments.
   a) Money.
   b) Bonds.
   c) Stocks.
4) Interest rates and the relationships among them.
5) What are business cycles?
6) Introduction to economic bubbles.

Financial Markets

1) Analyze the complexities of financial markets and fractional reserve banking.
2) Identify the function and structure of financial markets including debt and equity markets, primary and secondary markets, exchanges and over the counter markets, and money and capital markets.
Bonds, and Consumer and Bank Commercial Loans. Also identify the characteristics of international bonds, Eurobonds and Euromarkets and International Equities (stocks).

4) Identify the functions (benefits and burdens) of financial institutions:
   a) Banks (Depository Institutions).
   b) Credit Unions.
   c) Stock Markets.
   d) Nonbank Finance (on line web chapter).
   e) Debt and Equity Markets.

5) Explain the differences between risk and uncertainty and its import.

6) Define and use in analytical work the concepts and relationships among (and terms) -- Asymmetric Information: Adverse selection and Moral Hazard.

7) Define financial instruments:
   a) Key terms -- See above.
   b) Present value.
   c) Nominal and real interest rates.
   d) Simple loans.
   e) Fixed payment loans (fully amortized loans).
   f) Coupon bonds, face value or par value bonds.
   g) Discount bonds (zero-coupon bonds).
   h) Bond market:
      i) Interest rates and prices in the market.
      ii) Demand and supply, quantity demanded, quantity supplied.
      iii) Maturity and Volatility of Bond Returns: Interest-Rate Risk (Measuring Interest-Rate Risk: Duration).
   i) Income, price level and expected inflation effects.

8) Solve hypothetical and "real world" credit, banking and financial market problems using the theories and tools of economics.
   a) Perform calculations on simple loans, fixed payment loans, coupon bonds, face value or par value bonds, and discount bonds (zero-coupon bonds).
   b) Compute (with and without electronic assistance) present values (present discounted values), and interest rate risk, duration risk, default risk, etc.
   c) Perform calculations solving for interest rate, yield to maturity, expected returns, face value of a discount bond, initial purchase price of a discount bond, consol (perpetual income stream) problems and other relevant variables.

Financial Institutions

1) Describe and explain the basic inner workings of the current financial institutions.

2) Analyze the economics of financial structure.
   a) Identify basic facts about financial structure throughout the world.
   b) Explain the relationship between financial structure and:
      i) Transaction costs.
      ii) Asymmetric information.
      iii) Adverse selection.
      iv) Moral hazard.
   c) Describe conflicts of interest and their impact on financial structure.
   d) Define banking and the management of financial institutions.
i) Summarize the bank balance sheet:
   (1) Liabilities.
   (2) Assets.
ii) Describe basic banking.
iii) Recognize the general principles of bank management.
iv) Describe the management of credit risk.
v) Identify strategies for managing interest-rate risk.
e) Examine the structure and competition within the banking industry.
3) Manipulate current and historical data in the financial and credit markets using the tools of economics.

Financial Crisis

1) Analyze the financial crisis and the subprime meltdown.
2) Identify some of the factors thought to be causing financial crises.
4) Evaluate some of the measures taken to mitigate the financial crisis in the United States and elsewhere.

Business Cycles

1) Define business cycles. Note that, so far, regardless of greed, systemic flaws, and regulations, etc. business cycles appear to be a part of any healthy capitalist economy.
2) Recognize Capitalist economies (perhaps all economies) are subject to business cycles with unknown periodicity and duration.
3) Explain why and how business cycles affect different industries, occupations, social classes, geographic regions and demographic groups differently.
4) Explain why the Great Depression was "great."
5) Define and describe the roles of a central bank in business cycles.
6) Describe the structure and role of the Federal Reserve System.
7) Describe and identify the monetary base.
9) Identify factors that determine the Money Supply.

Tools of Monetary Policy

1) Identify the tools of monetary policy.
2) Use the tools of monetary policy to solve problems commonly faced by central banks.
3) Explain why the number of tools (Central Bank Controls only the money supply. Hence, it has only one tool) has to be less than or equal to the number of economic objectives.

Demand for Money

1) Explain the similarities and differences among Keynes, Friedman, Tobin, and Baumol with respect to money demand.
2) Define the quantity theory of money.
3) Define Keynes's liquidity preference theory.
4) Define Friedman's modern quantity theory of money.

Alternate Theories of the Business Cycle

1) Examine various explanations for the Great Depression and the current economic crisis including the views of:
   a) Monetarists.
   b) Minsky.
   c) Austrians.
   d) Gustav Cassel's Analysis.
   e) In the previous Modules we have covered the Keynesian view -- with prices relatively stable a collapse in aggregate demand periodically occurs causing recessions.
2) Describe the strategy and tactics of monetary policy.

International Finance and Monetary Policy

1) Describe how the foreign exchange market impacts monetary policy and the mechanisms of foreign exchange trading.
2) Explain the impact of exchange rates on:
   a) Law of one Price.
   b) Purchasing power parity and its failings.
   c) Supply and demand Exchange Rate theory short run.
   d) Interest rates.
   e) Money supply.
3) Describe and explain the factors that affect exchange rates in the long run:
   a) Relative price levels.
   b) Trade Barriers.
   c) Preferences for foreign vs. domestic goods.
   d) Productivity.
4) Explain changes in exchange rates.
5) Explain the interest parity condition.
6) Explain and illustrate with examples exchange regimes in the international financial system (Chapter 18)
   a) Gold Standard.
   b) Bretton Woods System.
   c) Fixed Exchange Rate Systems.
   d) Managed Float.
   e) European Monetary System.
   f) IMF and World Bank.
   g) The Peg — pros and cons.
7) Explain and illustrate international concerns in domestic monetary policy:
   a) Direct effects of the foreign exchange market on domestic money supply.
   b) Balance of payments considerations.
   c) Exchange rate considerations.
Technology Assistance:

It is your responsibility to be familiar with and able to use all the tools within HuskyCT including the Discussion, Assignment, and Assessment tools. You must be able to attach documents to Assignments for submission.

If you need technical assistance, contact HuskyCT 24x7 Support.

NOTE: Activities for each week are usually due by 12:00 PM ET (NOON) on a Monday (anything available can be submitted early). Note the final day of classes is Friday, December 11, 2015. That means that for the final week of classes, assignment will be due by AT 12:00 PM ET (AKA NOON) on FRIDAY, DECEMBER 11, 2015. Be sure your computer is operational and all tools are functional prior to the deadlines. Technological problems will not be accepted as valid excuses for missed work. The Course Introduction and Information module contains practice activities to test your computer settings and familiarize you with HuskyCT. You should complete it the first day of class. PLEASE NOTE – WEEKLY DUE DATES DO NOT NECESSARILY correspond to the module number.

Course Schedule

AS A FULLY ONLINE CLASS THIS CLASS HAS A RIGOROUS SCHEDULE – YOU CAN WORK AHEAD BUT CANNOT FALL BEHIND AND RECEIVE CREDIT FOR THE WORK! NO EXCEPTIONS – DO NOT ASK! WHILE THE SPRING SEMESTER IS OFFICIALLY OPEN ON MONDAY, AUGUST 31, 2015 AT 12:00 AM (MIDNIGHT) AND CLOSED FRIDAY DECEMBER 22, 2015 AT 11:59 PM ET. THE COURSE WILL CLOSE PRIOR TO THE CLOSE OF THE SEMESTER. ASSIGNMENTS AND OTHER ACTIVITIES AS NOTED ABOVE WILL CLOSE ON DECEMBER 11, 2015 AT NOON. THE COURSE WILL END WITH THE FINAL EXAM: DATES TBD.

[PLEASNOTE: ADDITIONAL QUIZZES, ASSIGNMENTS, READINGS AND SO FORTH ARE VERY LIKELY TO BE ADDED AS THE SEMESTER PROGRESSES. YOU ARE RESPONSIBLE FOR BEING AWARE OF THESE ASSIGNMENTS AND HOW THEY WILL BE ASSESSED. MONEY AND BANKING IS A FAST CHANGING FIELD THAT IS DEVELOPING AS THE COURSE PROGRESSES. STUDENTS SOMETIMES COMPLAIN ABOUT RELEVANCE – IF YOU HAVE SUCH AN ISSUE WITH THIS CLASS IT WILL BE A SURPRISE TO PROFESSOR ALPERT!]

You will have several items due each week. You are not required to be online at any specific time, but you should plan on logging into the course a MINIMUM of three or four times a week to participate in discussions adequately, check announcements and assignments, read online material, etc. You should plan to spend a MINIMUM of 9 hours per week to get the most out this class (and get your money’s worth) This may seem like a lot of time, and it is, but in a regular semester class it has been recommended that to maximize learning 3 hours outside of the class should be spent for everyone in – this amounts to 9 hours per week outside a 3 hour class which means that 168 hours per semester should be spent on a 3 hour class. The actual math says 12 hours per week, but that’s probably not realistic.
Your grade will consist of the following:

**Quizzes** – 20%
**Assignments** – 20%
**MyEconLab** – 15% (see description below)
**Problem Sets** – 13%
**Wall Street Journal Group Discussions** – 10%
**Term Publishing Assignment** – 10%
**Final Exam** 12%

**NOTE**: If the class average is below 75 on the final grades final averages will be curved up to a mean of 75 without bonus points from MyEconLab. Class bonus assignments may also be given during the term. No individual bonus assignments will be offered.

**Quizzes**

There will be at least 18 quizzes in HuskyCT. They are 10 questions each. They are generally based on material from your textbook (unless otherwise noted). Furthermore, the questions from MyEconLab are also similar to those on the quizzes. You will have 30 minutes to complete each quiz. Be sure to save each answer as you go. If you go beyond 30 minutes, only those questions that were saved prior to the time limited will be graded.

**Assignments**

Most of the assignments will require you to work outside of HuskyCT and then attach a document via the Assignment tool.

**MyEconLab**

You are required to use MyEconLab this semester. It is linked to the class HuskyCT website. I encourage you to work these problems (there are a large number) but you can work them until you get them correct (unlimited tries). There are due dates for each week’s MyEconLab homework to help you keep up with the material, however, the all homework will be accepted up until the last day of class with no penalty. You must complete the assignments and quizzes. Your total average score in MyEconLab will be used to calculate your final grade as follows: Students scoring less than 50 percent will have that score equal 15 percent of the final grade. Students scoring over 50 percent will receive a bonus and count 1.33 times the score equal to 15 percent of the final grade. For example, if you score 60 percent you will earn 80 percent (or 12 points); 70 percent translates to 93 percent (or 14 points). A score of 80 percent will be awarded a score of 106 percent (or 16 points – a point over the normal maximum), 90 percent translates to 120 percent (or 18 points) with a perfect score of 100 you will earn 133 percent (or 20 points). That means if you receive 100 percent on the MyEconLab problems you will earn not 15 but 20 points toward your final grade.

**Problem Sets**

Problem sets require you to solve common economic problems. They will be administered through the Assessment tool in HuskyCT. Questions are selected randomly from database of questions,
each student will have a different set of questions to solve. Review the directions for each problem set carefully, as they will require specific formatting (i.e. dollar or percent sign and what decimal place to round your answer to) or the system will not recognize your answer as correct. They are not timed, but you must complete a problem set once you begin it. It cannot be stopped or restarted. Save each answer as you go and be sure to click submit when you are finished.

**Discussions**

There are two types of discussions used in this course: Online and Journal Discussions:

**Online Discussions:**

In Online discussions you should read each other’s posts and respond, comment, and or ask questions of each other to enrich the conversation. Discussion grades will be based on your input, logic, thoughtfulness, and involvement with other students. Journal discussions are seen by only you and the professor.

**The Wall Street Journal (WSJ) Group Discussions:**

Each section of the class is divided into up to six groups. Your section number will be a part of your group id. You will be assigned to one of these groups for the WSJ Group Discussions. When it is your group’s turn to post, you should work with your other group members on selecting an appropriate article, relating it to class content, and writing a thoughtful summary. This will require you to contact your group members (via discussion board, chat, email, GoogleDocs or phone) early in the week to have enough time to complete the post within the time allowed. Once a group posts a summary, discussion about the post begins and continues for a week. Group members will act as moderators and respond to their classmates’ posts. All non-group members will respond to the summary – ask questions, add information, make comments, etc. Each group member is expected to individually participate in all activities. Of the 10% for your WSJ Discussion grade, 5% will be for your summary post, and 5% will be for your responses (when not part of the posting group) and moderating (when part of the moderating group).

**ATTENTION:** To see which group you are assigned, click the WSJ Group link on the main course menu. If you do not see a group listed on the resulting page, it means you have not been assigned to a group. Contact your professor immediately to be added to a group.

**Term Publishing Assignment**

This is a course assignment and not attached to a particular module. You should begin working on this assignment very early in the course. Your submission is due on the last day of class. See the assignment for details.

**Final Exam**

Final Exam will be scheduled by the registrar and remotely proctored online by ProctorU.

THE FINAL EXAM IS COMPREHENSIVE – COVERS EVERYTHING IN THE CLASS!
THE FINAL EXAM WILL BE CLOSED NOTES, CLOSED BOOK, WITH NO CALCULATORS, NOTHING ELECTRONIC OF ANY KIND AND NO EXTERNAL COMMUNICATION OF ANY KIND. You will be allowed blank scrap paper and a conventional writing implement.

Extra Credit Opportunities – See Extra Credit in HuskyCT for details

**FED Fridays:**
Up to 5 points toward final grade.

**News Article Quizzes:**
Up to 5 points

**Twitter Extra Credit:**
Up to 4 points

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**Grading Scale**

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<th>Percent</th>
<th>Grade</th>
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<tr>
<td>93 or more</td>
<td>A</td>
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<tr>
<td>90-92.9</td>
<td>A-</td>
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<tr>
<td>87-89.9</td>
<td>B+</td>
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<tr>
<td>83-86.9</td>
<td>B</td>
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<tr>
<td>80-82.9</td>
<td>B-</td>
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<td>77-79.9</td>
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<td>73-76.9</td>
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<td>70-72.9</td>
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<td>67-69.9</td>
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**Late Work**

Missed quizzes and problems set may be made up on a case by case for partial credit. Late work can be at the instructor’s discretion accepted for a grade of "F". If work is not turned in at all it will receive a grade of zero in your average. **PLEASE RETAIN COPIES OF ALL OF YOUR WORK! BACKUP ALL OF YOUR WORK!**

All course due dates are identified in HuskyCT. Deadlines are based on Eastern Standard Time; if you are in a different time zone, please adjust your submittal times accordingly. **The instructor reserves the right to change dates accordingly as the semester progresses. All changes will be communicated in an appropriate manner.**

**There are no make-ups for the required online activities.** Unless the student has made specific arrangements with the instructor in advance (prior to the end of the exam or assignment period), unexcused missed activity receives a score of zero. The [Dean of Students Office](https://www.yale.edu/deanstudents) has this to say about extenuating circumstances for missed or late assignments: “When students are forced to miss a final
examination due to illness, accident, death in the family, or other unavoidable reasons they can come to the Office of Student Services & Advocacy to receive approval to arrange another exam time with their instructor. Students should present appropriate documentation to support their request. With other exams and assignments which are required during the semester students bring their documentation of extenuating circumstances directly to their instructors.”

**Feedback and Grades**

The instructor will make every effort to provide feedback and grades in a timely manner. Expect a response to questions within 24-hours. If you do not receive a response within that time, ask again. Graded materials will be returned within 48-hours after due dates, unless otherwise noted. To keep track of your performance in the course, refer to My Grades in HuskyCT.

### Student Responsibilities and Resources

As a member of the University of Connecticut student community, you are held to certain standards and academic policies. In addition, there are numerous resources available to help you succeed in your academic work. This section provides a brief overview to important standards, policies and resources.

**Student Code**

You are responsible for acting in accordance with the [University of Connecticut's Student Code](#) Review and become familiar with these expectations. In particular, make sure you have read the section that applies to you on Academic Integrity:

- [Academic Integrity in Undergraduate Education and Research](#)
- [Academic Integrity in Graduate Education and Research](#)

Cheating and plagiarism are taken very seriously at the University of Connecticut. It is your responsibility to avoid plagiarism. If you need more information about the subject of plagiarism, use the following resources:

- [Plagiarism: How to Recognize it and How to Avoid It](#)
- [Instructional Module about Plagiarism](#)
- [University of Connecticut Libraries’ Student Instruction](#) (includes research, citing and writing resources)

**Copyright**

Copyrighted materials within the course are only for the use of students enrolled in the course for purposes associated with this course and may not be retained or further disseminated.

**Netiquette and Communication**

At all times, course communication with fellow students and the instructor are to be professional and courteous. It is expected that you proofread all your written communication, including discussion
posts, assignment submissions, and mail messages. If you are new to online learning or need a netiquette refresher, please look at this guide titled, The Core Rules of Netiquette.

Adding or Dropping a Course

If you should decide to add or drop a course, there are official procedures to follow:

- Matriculated students should add or drop a course through the Student Administration System.
- Non-degree students should refer to Non-Degree Add/Drop Information located on the registrar’s website.

You must officially drop a course to avoid receiving an "F" on your permanent transcript. Simply discontinuing class or informing the instructor you want to drop does not constitute an official drop of the course. For more information, refer to the Undergraduate Catalog.

Academic Calendar

The University’s Academic Calendar contains important semester dates.

Academic Support Resources

Technology and Academic Help provides a guide to technical and academic assistance.

Students with Disabilities

Students needing special accommodations should work with the University's Center for Students with Disabilities (CSD). You may contact CSD by calling (860) 486-2020 or by emailing csd@uconn.edu. If your request for accommodation is approved, CSD will send an accommodation letter directly to your instructor(s) so that special arrangements can be made. (Note: Student requests for accommodation must be filed each semester.)

“Blackboard [HuskyCT] measures and evaluates accessibility using two sets of standards: the WCAG 2.0 standards issued by the World Wide Web Consortium (W3C) and Section 508 of the Rehabilitation Act issued in the United States federal government.” (Retrieved April 23, 2015 from Blackboard’s Accessibility website)

Software Requirements and Technical Help

- Word processing software
- Adobe Acrobat Reader
- Internet access
- Google apps. Students are encouraged to opt in to “Public Services,” the suite of apps beyond the basic ones available automatically to all registered UConn students.
- Online Homework. Instructions for acquiring an account and linking to this course will be provided in HuskyCT.
- Proctor U. Instructions for acquiring an account and linking to this course will be provided in HuskyCT. Note that this service is free as part of the student technology fee.
● Web cam. All students will need a web cam to use the proctoring service. Other requirements are listed on Proctor U’s technical requirements website. Be sure to check your computer before trying to begin a test.

Note that the instructor is your source for academic help, not for technical help, though you should report to the instructor any major technical problems that you think will affect other students. You should address technical questions to the appropriate support team for each platform.

For UConn-supported platforms – HuskyCT and Google apps – online students have access to all in-person/live-person support options available during regular business hours through HuskyTech, UConn’s Student Tech Support. Students also have 24x7 Course Support including access to live chat, phone, and support documents.

### Minimum Technical Skills

To be successful in this course, you will need the following technical skills:

● Use electronic mail with attachments.
● Save files in commonly used word processing program formats.
● Copy and paste text, graphics or hyperlinks.
● Work within two or more browser windows simultaneously.
● Open and access PDF files.

Some class exercises will require manipulating simple tables of data and graphing in spreadsheet software. These exercises are intended in part to help develop basic competence in spreadsheet software. All registered students have access to Google apps, which has a spreadsheet program. University students are expected to demonstrate competency in Computer Technology. Explore the Computer Technology Competencies page for more information.

### Evaluation of the Course

Students will be provided an opportunity to evaluate instruction in this course using the University's standard procedures, which are administered by the Office of Institutional Research and Effectiveness (OIRE).

Additional informal formative surveys may also be administered within the course as an optional evaluation tool.