EC361 Money and Monetary Policy, 3 Credits  
Summer 2013

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Office Hours: by appointment  
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Schedule: MW 6:15-9:15 p.m.  
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Boston College Mission Statement

Strengthened by more than a century and a half of dedication to academic excellence, Boston College commits itself to the highest standards of teaching and research in undergraduate, graduate and professional programs and to the pursuit of a just society through its own accomplishments, the work of its faculty and staff, and the achievements of its graduates. It seeks both to advance its place among the nation's finest universities and to bring to the company of its distinguished peers and to contemporary society the richness of the Catholic intellectual ideal of a mutually illuminating relationship between religious faith and free intellectual inquiry.

Boston College draws inspiration for its academic societal mission from its distinctive religious tradition. As a Catholic and Jesuit university, it is rooted in a world view that encounters God in all creation and through all human activity, especially in the search for truth in every discipline, in the desire to learn, and in the call to live justly together. In this spirit, the University regards the contribution of different religious traditions and value systems as essential to the fullness of its intellectual life and to the continuous development of its distinctive intellectual heritage.

Course Description

EC36101 Monetary Theory and Policy  An applied analysis of the operation and behavior of the financial markets and financial institutions. Detailed analysis of the recent financial crisis and an evaluation of different remedies implemented by the Central Bank and the US Treasury along with daily volatile reaction of the financial markets will be presented. Other topics include money supply process and the role of the Federal Reserve in the conduct of monetary policy. In addition, an in depth analysis of the fixed income instruments and equities and their correlation with day to day decisions of the Central Bank. Macroeconomic Theory is a prerequisite.

http://www.bc.edu/content/bc/schools/summer/courses.html

Course Objectives

1. “The student will demonstrate knowledge and competency in the discipline

2. “The student will demonstrate ethical knowledge pertaining to operations of financial services industry.
Grading

C. Exams: (80%)

There will be three exams, two mid-terms accounting for 50% (25% each) and a final exam which will account for 30% of your final grade. "Make-up" exams will NOT be given. Midterms will be announced in class and the final exam is scheduled last day of class on August 1st. All students are required to take exams as scheduled. No early or late exams will be given.

D. Assignments: (10%)

During the semester there will be a number of assignments given which may be an analysis of an economic or statistical release, a written summary of a section or chapter out of one of the outside readings, a problem to solve or a question to discuss in class. This will account for 10% of your grade. For you to get the full 10% for the assignments segment of your grade, you MUST deliver assignments that are prepared at an exceptional level. Turning in anything else gains you a grade that corresponds to your level of work only. As a rule assignments are due in the following class, unless I mention otherwise. Missing class does not waive or extend the deadline for submitting an assignment. ALL projects and assignments MUST be done individually and independently with full respect and abidance of the College’s Academic Integrity Policy and Procedures. I strongly urge all of you to review this at:
http://www.bc.edu/publications/ucatalog/policy.shtml#integrity

E. Class Participation: (10%)

You will be graded on your in class performance which makes 10% of your total grade as follows: First, your class preparedness is an essential part of your responsibility in this course. This requirement can be satisfied by reading the assigned chapters of your books in advance of my lectures on those topics. Second, you will be graded on your active participation in class discussions. I strongly encourage you to ask questions as your questions will first help clarify issues for you and possibly some of your classmates, as well as generate further and more interesting discussions in the classroom. Only your exceptional preparedness and participation in class wins you the 10% of your grade set aside for this. Your presence in class is my absolute and minimum expectation of all of you.

A letter grade based on the sum of parts C, D, and E above will be assigned as follows:

A: A total grade of at least 95% or higher
A-: A total grade of above 90% and below 95%
B+: A total grade of above 86% and below 90%
B: A total grade of above 84% and below 86%
B-: A total grade of above 80% and below 84%
C+: A total grade of above 76% and below 80%
C: A total grade of above 74% and below 76%
C-: A total grade of above 70% and below 74%
D+: A total grade of above 66% and below 70%
D: A total grade of above 64% and below 66%
D-: A total grade of above 60% and below 64%
F: A total grade of less than 60%
WCAS Grading System
The undergraduate grading system consists of twelve categories: A (4.00), A- (3.67), excellent; B+ (3.33), B (3.00), B- (2.67), good; C+ (2.33), C (2.00), C- (1.67), satisfactory; D+ (1.33), D (1.00), D- (.67), passing but unsatisfactory; F (.00), failure; I (.00), incomplete; F (.00), course dropped without notifying office; W (.00), official withdrawal from course. The graduate grading system is A (4.00), A- (3.67), Excellent; B+ (3.33), B (3.00), good; B- (2.67), C (2.00), passing but not for degree credit; F (.00), failure.

Grade Reports. All students are required to log into the web through Agora to access their semester grades. Students must utilize their BC username and password to log on. If your username or password is not known the HELP Desk located in the Campus Technology Resource Center (CTRC) in O’Neill Library will issue a new one. The CTRC requires a valid picture ID (a BC ID, driver’s license or passport) to obtain your password.

Textbook (Required):

Text/Readings (Recommended)
2. Wall Street Journal

Important Policies
http://www.bc.edu/content/bc/schools/advstudies/guide/academicinteg.html

Written Work
Graduate and undergraduate students are expected to prepare professional, polished written work. Written materials must be typed in the format required by your instructor. Strive for a thorough, yet concise style. Cite literature appropriately, using APA, MLA, CLA format per instructors decision. Develop your thoughts fully, clearly, logically and specifically. Proofread all materials to ensure the use of proper grammar, punctuation, and spelling. You are encouraged to make use of campus resources for refining writing skills as needed [http://www.bc.edu/libraries/help/tutoring.html].

Scholarship and Academic Integrity
It is expected that students will produce original work and cite references appropriately. Failure to reference properly is plagiarism. Scholastic dishonesty includes, but is not necessarily limited to, plagiarism, fabrication, facilitating academic dishonesty, cheating on examinations or assignments, and submitting the same paper or substantially similar papers to meet the requirements of more than one course without seeking permission of all instructors concerned. Scholastic misconduct may also involve, but is not necessarily limited to, acts that violate the rights of other students, such as depriving another student of course materials or interfering with another student’s work.
Request for Accommodations
If you have a disability and will be requesting accommodations for this course, please register with either Dr. Kathy Duggan (dugganka@bc.edu), Associate Director, Connors Family Learning Center (learning disabilities or AHD) or Dean Paulette Durrett, (paulette.durrett@bc.edu), Assistant Dean for students with disabilities, (all other disabilities). Advance notice and appropriate documentation are required for accommodations. http://www.bc.edu/content/bc/libraries/help/tutoring/specialservices.html.

Attendance
Class attendance is an important component of learning. Students are expected to attend all classes and to arrive by the beginning of and remain for the entire class period. When an occasion occurs that prevents a student from attending class, it is the student’s obligation to inform the instructor of the conflict before the class meets. The student is still expected to meet all assignment deadlines. If a student knows that he or she will be absent on a particular day, the student is responsible for seeing the instructor beforehand to obtain the assignments for that day. If a student misses a class, he or she is responsible for making up the work by obtaining a classmate’s notes and handouts and turning in any assignments due. Furthermore, many instructors give points for participation in class. If you miss class, you cannot make up participation points associated with that class. Types of absences that are not typically excused include weddings, showers, vacations, birthday parties, graduations, etc. Additional assignments, penalties and correctives are at the discretion of the instructor. If circumstances necessitate excessive absence from class, the student should consider withdrawing from the class. In all cases, students are expected to accept the decision of the instructor regarding attendance policies specific to the class.

Consistent with our commitment of creating an academic community that is respectful of and welcoming to persons of differing backgrounds, we believe that every reasonable effort should be made to allow members of the university community to observe their religious holidays without jeopardizing the fulfillment of their academic obligations. It is the responsibility of students to review course syllabi as soon as they are distributed and to consult the faculty member promptly regarding any possible conflicts with observed religious holidays. If asked, the student should provide accurate information about the obligations entailed in the observance of that particular holiday. However, it is the responsibility of the student to complete any and all class requirements for days that are missed due to conflicts due to religious holidays.

There may be circumstances that necessitate a departure from this policy. Feel free to contact the WCAS at 617-552-3900 for consultation.

Deadlines
Assignments are due at the beginning of the class period on the specified dates. Late assignments will be graded accordingly.
**Reading Schedule:**

I. An Introduction to Money and Monetary Economics - The thrust of the first section is simply to review and discuss money and macroeconomics.  
   Reading assignment: Parts I and II of the text: Chapters 1-10. In addition to Chapters 1-4 of Kindleberger’s Manias, Panics, and Crashes.

II. Commercial Banks and the Role of Banks in an Industrial Society - In this section we will give almost exclusive emphasis to banks, and focus on different aspects of the banking business.  
   Reading assignment: Parts III and IV of the text, Chapters 11 through 16. Chapters 5-8 of Kindleberger’s Manias, Panics, and Crashes.  

III. Federal Reserve System - All modern industrial countries have some kind of central bank. Ours is called not a "bank" but a "system": The Federal Reserve System. The ultimate function of most central banks is monetary policy. In this section we will read all about the Fed and its functions.  
   Reading Assignment: Part V of the text, Chapters 17 through 21. In addition to Chapters 9 and 10 of Kindleberger’s Manias, Panics, and Crashes.

IV. Monetary Theory and Policy - One of the great controversies of macroeconomics is whether and to what degree "money matters." It will be very difficult to understand and appreciate that controversy without some macro theory. We start a macro model without money, and then bring money in to see its role.  
   Reading Assignment: Part VI and VII of the text, Chapters 22 through 29. In addition to Chapters 11-13 of Kindleberger’s Manias, Panics, and Crashes.