

# Money and Banking

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**INSTRUCTOR:** Louis Rouanet

ECON 310-D01

**OFFICE LOCATION:** online

Spring 2020

**EMAIL ADDRESS:** [lrouanet@gmu.edu](mailto:lrouanet@gmu.edu)

**VIRTUAL OFFICE HOURS:** Wednesdays from 10:30 to 6pm, available by email from 9am to 6pm from Money to Friday.

## 1. COURSE DESCRIPTION

This course will examine the economic analysis applied to money, banking and the relationship between fiscal and monetary policy. Contrary to typical money and banking classes, this class will not emphasize the memorization of constantly changing institutional details. Instead, this class will equip you with a simple theoretical framework which can be used to analyze many different aspects of monetary and banking policies. The students will however have the occasion to apply what they have learned in class to analyze modern monetary policy making.

This syllabus represents a contract between myself and the students. I will do my best to uphold the guidelines and schedule outlined below, and I expect you to do the same. If necessary, however, I reserve the right to alter the syllabus.

## 2. PREREQUISITES AND EXPECTATIONS

I expect that you have successfully completed the following prerequisites for this course: ECON 103, ECON 104, and MATH 108 or MATH 113. I assume that you have a basic understanding of macro and microeconomic principles, basic algebra, and elementary calculus. If you need to review these topics, I recommend that you use Marginal Revolution University and Khan Academy.

## 3. RULES OF THE GAME

### a) Special Accommodations

If you require any special accommodations, please see me immediately following the first class so that we can work together to make sure that you have what you need to succeed in this course. contact the Disability Resource Center (DRC) at 703-993-2474. All academic accommodations must be arranged through that office.

### b) Cheating will be severely punished

Cheating will not be tolerated and can result in a failing grade, dismissal from class, and expulsion from the university. If I suspect you of cheating, I will seek the appropriate punishment under George Mason University guidelines. Please review the [George Mason University Honor System and Code](#).

**c) All materials: videos, handouts, assignments, etc. will be posted on the course Blackboard.**

This class can be followed asynchronously as long as you give your assignments on time. Students can have office hours on Wednesdays using Blackboard collaborate ultra.

## **4. READING MATERIALS**

There is one required book for this course:

- Champ, Freeman and Haslag, *Modeling Monetary Economies*, 4<sup>th</sup> edition. (MME).

## **5. EVALUATION AND GRADING**

Your grade in this course consists of weekly quizzes/problems (30%) a midterm (30%) and a comprehensive final exam (40%).

The weekly quizzes/problems will take place every Friday online, and will be based on both the assigned readings and lectures for that week.

Each exam will consist of multiple choice and true/false questions as well as analytical questions. If you miss the midterm examination for any reason, then the final examination will be worth 40%. In accordance with University policy, if you have three or more exams on the date of the final examination, you may reschedule the final examination. To do so, you must contact me no less than one week prior to the final examination. There will not be any make-up exams – no exceptions.

### **5.1. Extra credits**

I will discuss opportunities for extra credits during the semester.

### **5.2. Grading scale**

The grading scale is as follows:

A.....	90%-100%
B.....	80%-89%
C.....	70%-79%
D.....	60%-69%
F.....	<59%

## **6. SCHEDULE OF TOPICS, ASSIGNMENTS, AND EXAMS**

### **PART I: MONEY**

#### **6.1. Week 1: A simple model of money**

Readings:

- a) MME, Chapter 1 and 2.

#### **6.2. Week 2: Barter and Commodity Money**

Readings:

- a) Radford, The Economics of a POW camp.
- b) MME, Chapter 3.

#### **6.3. Week 3: Inflation**

Readings:

- a) MME, Chapter 4.

#### **6.4. Week 4: International Monetary Systems**

Readings:

- a) MME, Chapter 5.

#### **6.5. Week 5: Price Surprises.**

Readings:

- a) MME, Chapter 6.

**[Midterm]**

### **PART II: BANKING AND GOVERNMENT**

#### **6.6. Week 6: Why banks?**

Readings:

- a) MME, Chapter 7 and 8.

### **6.7. Week 7: Banking crises.**

Readings:

- a) MME, Chapter 13 and 14.

### **6.8. Week 8: Central Banking**

Readings:

- a) MME, Chapter 9.
- b) Rouanet L. (2019). [The interest group origins of the Bank of France.](#)

### **6.9. Week 9: Fiscal policy and monetary policy (with special reference to the Euro crisis)**

Readings:

- a) MME, Chapter 18

### **6.10. Week 10: Money and banking... and Coronavirus!**

Readings to be determined.

**[Final]**

## **7. ADDITIONAL INFORMATION**

Occasionally, I may need to update students on class activities and assignments. I will be emailing students at their GMU email address. Students are responsible for checking this email regularly.