

1-1-2009

(2) Sample Syllabus: Econ 4080

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SYLLABUS

INSTRUCTOR: Dr. Abdur Chowdhury
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OFFICE HOURS: Tuesday and Thursday – 11:00-12:30 p.m.; Wednesday - 2:00-3:30 p.m.;
any other time by appointment

TEXT: Laurence Ball: *Money, Banking and Financial Markets*, Worth Publishers, 2009
ISBN 13: 978-0-7167-5934-8

Research articles will be put on reserve for this course. These articles would be required reading and would be discussed in class. In addition, handouts on monetary policy and current economic events would be regularly distributed and discussed in class.

Wall Street Journal/Financial Times: I strongly suggest that each of you regularly read leading business newspapers, such as, *The Journal* or *The Times*. They are excellent sources for monetary and economic events and business information. I will regularly draw from, and refer to, these publications in my lectures.

COURSE DESCRIPTION: This course takes a policy-oriented approach to analyzing the financial and monetary systems of the United States. 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 and instruments. Next, we will talk about financial institutions, including current innovations in the banking system and the supervision and regulations of banks by the government. Next, we will discuss the major elements of macroeconomics including the role of money. Finally, we will study monetary policy, including the money supply process and the conduct of monetary policy in the U.S. with an emphasis on current policy issues. Throughout the semester we will discuss current economic events and how they affect financial markets and monetary policy.

A considerable amount of time would be spent in discussing and analyzing the current economic situation in the United States.

COURSE OBJECTIVES:

By taking this course, you will: (i) learn the fundamentals of the financial and monetary systems of the US economy; (ii) understand how economic news affects financial markets and how it influences the decisions of policymakers; (iii) learn how to use and interpret macroeconomic data; (iv) analyze current macroeconomic data, preparing written analysis of some important financial and monetary issues; (v) learn to communicate about economics; (vi) understand how to think analytically, using economic theory to solve problems.

EXAMS & GRADING: Three exams will be given in this class – two mid-terms and one final. Exams are mandatory and should be taken when scheduled. Your grade in this class will be based on the following assessment instruments:

Exams I and II (mid terms) – 20 percent each

Final Exam – 20 percent of your final grade

The remaining 40 percent of the grade would be for two research papers discussed later in the syllabus.

GRADING SCALE: Letter grades will be determined based on the following schedule:

Grade	Cut-off		
A	93 and above	AB	87-92
B	81-86	BC	74-80
C	67-73	CD	59-66
D	51-58	F	below 50

EXAM DATES

EXAM I – Tuesday, 24th February

EXAM II – Tuesday, 31st March

FINAL EXAM – During the final exam week.

College of Business Administration Assessment Statement

The fundamental mission of the College of Business Administration is to provide a quality education grounded in Catholic, Jesuit intellectual values. Students are expected to learn how to function effectively in a diverse and global economy and develop into responsible members of the business community. As one of many methods of assuring that the goals of our educational mission are successfully met, the college regularly and systematically engages in the assessment of these competencies

Students in the Bachelor of Science in Business Administration program are assessed on their ability to reason ethically, communicate effectively, analyze critically, and understand local, national and global business and cultural issues. Students in our MBA programs are also assessed on their competency to communicate effectively, reason ethically and apply critical thinking, as well as their capacity to comprehend the global strategic issues of firms and perform fundamental activities of business managers. Students in our other graduate programs are assessed on specific competencies related to their disciplines.

Assessment takes place each semester in all programs and settings using quantifiable measures to gather and analyze information to help continuously improve the educational process. The College of Business Administration is dedicated to successfully providing a quality education for all students. Assessment is the continuous improvement process of evaluating our success. More information on assessment can be found at (<http://www.marquette.edu/assessment/>) or (<http://www.busadm.mu.edu/undergraduate/LearningObjectives.shtml>)

- a. The college's UNDERGRADUATE assessment goals are:
 - i. Apply effective written and oral communication skills to business situations
 - ii. Analyze the global business environment
 - iii. Analyze the local business environment
 - iv. Use critical thinking skills in business situations
 - v. Apply an ethical understanding and perspective to business situations

Special Needs

Please inform me during the first week of class if you have any conditions that may limit or affect your ability to participate in this course so that we can make necessary arrangements. You may also contact the Office of Student Educational Services (OSSES), in AMU 317 (8-3270) for more information (see also: <http://www.marquette.edu/osses/>).

Emergency Plan

Every Marquette University campus building has emergency shelter and evacuation plans. Please familiarize yourself with the plans of each building in which you take classes or attend meetings. Make sure to note the routes to the lowest level of the buildings for shelter during inclement weather, as well as exits from the buildings in the event of fire or other emergency.

ATTENDANCE POLICY

Experience shows that students who do not attend class faithfully do not achieve a high score. You decide how successful you want to be in this class-by-class attendance. The attendance policy of the College of Business Administration, as found in the Marquette University Undergraduate Bulletin is as follows:

When a student has absences in hours equal to two weeks of class periods, he or she may be dropped without warning, earning a grade of WA, at the request of the instructor or the dean of the College. After the WA grade has been issued, the student may not apply for a grade of W. All students enrolled in courses taught by the College of Business Administration must conform to the attendance policy in effect in the College of Business Administration even though they are registered through another college or division of the university.

COURSE OUTLINE:

Both the extent and the timing of coverage may change.

- I. A Survey of the current economic situation in the United States
Handouts and power point presentation

- II. Money and Payments
 - a. Money – characteristics, kinds, definition
 - b. Alternative measures of Money
Readings: Chapter 2

- III. The Federal Reserve System
 - Structure of the FED
 - Functions of the FED
 - Federal Open Market Committee
Readings: Chapter 11 and handouts

- IV. The Banking System and Money Creation
 - History of Bank
 - How banks earn profit
 - Balance Sheet
 - Government's role in Banks
Readings: Chapters 8, 9

- V. Monetary Control
 - Money Creation
 - Money Multiplier
 - FED's tool for changing money supply
 - Bank reserves
Readings: Chapters 11, 13

- VI. Monetary Policy: Goals and Tradeoffs
 - Stabilization Policy
 - Goals of Monetary Policy
 - Inflation and unemployment rate
 - Phillips Curve
 - Okun's Law
 - FED's objective function
Readings: Chapters 12, 14, and 15

- VII. Economic Growth, the AD/AS model and Monetary and Fiscal Policy
 - Modern Macroeconomic Theory
 - IS-LM Model
 - AD/AS Model
 - Economic Stabilization
 - Effectiveness of Monetary and Fiscal Policy
Readings: Chapters 14, 15, referenced articles and handouts

- VIII. Foreign Exchange Market, Monetary Policy and Economic Interdependence
IS-LM-BP Model
Exchange Rate and Money Supply
Role of Central Bank
Intervention by Central Banks
Readings: Chapters 6, 17 and referenced articles
- IX. Current Economic Conditions in the United States and the Global Economy
Financial Market Crisis – causes and consequences
Role of the Fed in the current crisis
TARP
International Policy Coordination
Lessons to be learned
Readings: Chapter 18, referenced articles, handouts and class lectures

<u>Week</u>	<u>Dates</u>	<u>Topics to be covered</u>
1	September 2	I, II
2	Sept. 9	II, III
3	Sept. 16	III, IV
4	Sept. 23	IV
5	Sept. 30	V, Exam Review
6	October 7	EXAM I on October 7th
7	Oct. 14	VI
8	Oct. 21	VII
9	Oct. 28	VIII
10	Nov. 4	VIII, Exam Review
11	Nov. 11	EXAM II on November 11th
12	Nov. 18	IX
13	Nov. 25	Thanksgiving Holiday
14	December 2	IX
15	Dec. 9	Class Presentation

Note: Depending on our needs, we may decide to spend more or less time on any given topic.

GROUP PROJECT 1

(10 points)

In this project, each group will prepare a statement similar to the statement prepared by the Federal Open Market Committee of the Federal Reserve Bank.

The FOMC has a meeting on **November 3-4, 2009**. Each group should prepare a statement that the group feels that the FOMC would release on 4th November. **The statement is due in class on 28th October, 2009.**

Copies of previous statements released by the FOMC are available at :

<http://www.federalreserve.gov/monetarypolicy/fomccalendars.htm>

Three points would be assigned for correctly predicting the decision taken by the FED. The remaining seven points would be for the reasons given in the statement that would lead to the decision.

GROUP PROJECT 2

(30 points)

Each group should choose two countries. In selecting the countries, make sure that the countries have some kind of relationship and interaction, e.g., trading partners, investment relationship, etc. The Group should prepare a report (at least 15 double-spaced pages) comparing the monetary policies of the two countries.

The Report should include, but not limited to, the following issues :

- i. Provide a background of the economic, monetary and financial conditions of the two countries.
- ii. Explain the structure and policy of the central bank in each country.
- iii. Give a detail analysis of the monetary policy of each central bank.
- iv. Show how each of the two central banks have faced a financial, currency or any other types of economic crisis
- v. Compare the relative performance of the two central banks in the face of a crisis.
- vi. What policy lessons can you learn from the experience of the two central banks.

Include any other information that you think is important in comparing the monetary policy and the performance of the two central banks in the two countries.

Presentation

On December 9th, each group will make a 15 minute presentation in class. The presentation will highlight the main findings of the report. **The final report is due on 9th December, 2009.**