University of Victoria, Spring 2019
Econ 305 – A02: Money and Banking (CRN 20996)

Course Outline

Class: MWT 3.30–4.20pm, COR A120.
Instructor: Paul Schure, Office: BEC 336, Email: schure@uvic.ca

Emails (to and from instructor): should always mention “305” in header.
Office hours: Fridays 10.30-11.15am & by appointment (Email to propose three 15-minute time slots).
Website: CourseSpaces

Description

This course is an introduction to monetary and financial economics with special reference to the Canadian economy. The aim is to further your understanding of the role of financial assets and institutions and how they affect the economy.

Textbook


The text is available in the UVic Bookstore. A second-hand copy should work too [We won’t use MyEconLab. Yet, MyEconLab is also a good resource for exercises and practice questions. You will need an iclicker which you’re required to always bring with you.

Assessments

**It is a course requirement that you write all the MTs and the first Quiz!**

Your final grade will be determined as follows:

<table>
<thead>
<tr>
<th>Component</th>
<th>Weight</th>
<th>Date/Deadline</th>
</tr>
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<tbody>
<tr>
<td>Quizzes &amp; partn (i-clicker)</td>
<td>20%</td>
<td>Dates quizzes TBA (about 1 week beforehand)</td>
</tr>
<tr>
<td>Midterm 1</td>
<td>20%</td>
<td>Feb 14</td>
</tr>
<tr>
<td>Midterm 2</td>
<td>20%</td>
<td>Mar 18</td>
</tr>
<tr>
<td>Assignment FM/PIM</td>
<td>10%</td>
<td>due Apr 1 (no joke)</td>
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<tr>
<td>Final examination</td>
<td>30% (45%)</td>
<td>(2 hours): date TBC</td>
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There will be two quizzes. Participation requires you to bring your iclicker and to make sure it works. Unless indicated otherwise the final examination will cover material from the entire course. If you do better on the final exam than on your worst midterm, I will shift 15% of the weight of that midterm to the final (in which case the final exam carries a weight of 45%).

Make-up midterms and quizzes will normally not be given. Although this is unlikely to happen, I reserve the right to change the timing of midterms.
Grade concerns. Students that have questions or concerns regarding their grade on any test should email the instructor asap. All concerns should normally be dealt with no later than a week after the tests were returned. After that your grade is final.

<table>
<thead>
<tr>
<th>Passing Grades</th>
<th>Description</th>
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<tbody>
<tr>
<td>A+</td>
<td>Exceptional, outstanding and excellent performance. These grades indicate a student who is self-initiating, exceeds expectation and has an insightful grasp of the subject matter.</td>
</tr>
<tr>
<td>A</td>
<td></td>
</tr>
<tr>
<td>A-</td>
<td></td>
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<tr>
<td>B+</td>
<td>Very good, good and solid performance. These grades indicate a good grasp of the subject matter or excellent grasp in one area balanced with satisfactory grasp in the other area.</td>
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<tr>
<td>B</td>
<td></td>
</tr>
<tr>
<td>B-</td>
<td></td>
</tr>
<tr>
<td>C+</td>
<td>Satisfactory, or minimally satisfactory. These grades indicate a satisfactory performance and knowledge of the subject matter.</td>
</tr>
<tr>
<td>C</td>
<td></td>
</tr>
<tr>
<td>C</td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>Marginal Performance. A student receiving this grade demonstrated a superficial grasp of the subject matter.</td>
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<table>
<thead>
<tr>
<th>Failing Grades</th>
<th>Description</th>
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<tbody>
<tr>
<td>F</td>
<td>Unsatisfactory performance. Wrote final examination and completed course requirements.</td>
</tr>
<tr>
<td>N</td>
<td>Did not write examination or complete course requirements by the end of the term.</td>
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</tbody>
</table>

**Syllabus**

The following outline of topics and readings is tentative. Please refer to the moodle site for updated topics and readings. Chapter references refer to the textbook.

**Part I Money**
1. Evolution of Money (handout); History of the Canadian Dollar
2. What is Money? (Ch. 3)
3. Why Study ... (Ch. 1; Why Study Money and Monetary Policy)

**Part II Financial Markets**
1. Why Study ... (Ch. 1 up to: Why Study Money and Monetary Policy)
2. An Overview ... (Ch.2 up to: Function of Financial Intermediates: Indirect Finance)
3. Understanding Interest Rates (Ch. 4)
4. The Behaviour of Interest Rates (Ch. 5)
5. The Risk and Term Structure of Interest Rates (Ch. 6); Yield Illustrated
6. The Stock Markets, the Theory of Rational Expectations, and the Efficient Market Hypothesis (Ch. 7)

**Part III Financial Institutions**
1. An Overview ... (Ch.2; from Function of Financial Intermediates ...)
2. An Economic Analysis of Financial Structure (Ch.8)
3. Banking and the Management of Financial Institutions (Ch. 13)
Part IV  Central Banking and the Conduct of Monetary Policy
   1. Central Banks and the Bank of Canada (Ch. 14)
   2. The Money Supply Process (Ch. 15)
   3. Tools of Monetary Policy (Ch. 16)
   4. The Conduct of Monetary Policy: Strategy and Tactics (Ch. 17)

PART V  Financial Crises
   1. Financial Crises and Economic Crises [posted material on CourseSpaces]
   2. Sub-prime Primer [posted material on CourseSpaces]
   3. Financial Crisis (Ch.9)
   4. Economic Analysis of Financial Regulation (Ch. 10)
   5. Bernanke & Blinder (1988) [journal article]

PART VI  Topics (optional)
   1. What “they” are saying about money and debt [posted material on CourseSpaces]
   2. Crowdfunding
Course policies

This course adheres to the Undergraduate Course Policies of the Department of Economics that deal with the following issues:

- Academic concessions
- Academic integrity (plagiarism and cheating)
- Attendance
- Grading
- Inclusivity and diversity
- Late adds
- Late assignments
- Repeating courses
- Review of an assigned grade
- Students with a disability
- Term assignments and debarment from examinations
- Travel plans
- Waitlists

Let me still highlight and comment further on a few course policies

**CourseSpaces:** We use CourseSpaces in this course & students are expected to be fully functional with the system. The notes and announcements will be posted in CourseSpaces. Students are advised to check it frequently.

**Academic integrity:** Academic integrity requires commitment to the values of honesty, trust, fairness, respect, and responsibility. Students are expected to observe the same standards of scholarly integrity as their academic and professional counterparts. A student who is found to have engaged in unethical academic behaviour, including the practices described in the Policy on Academic Integrity (http://web.uvic.ca/calendar/FACS/UnIn/UARe/PoAcI.html) in the University Calendar, is subject to penalty by the University. Plagiarism is a somewhat fuzzy yet very important concept. Please browse What is Plagiarism for the definition of plagiarism.

More on tests and missing a test

- **Students that write a test must submit the question sheets, answers, as well as scrap paper, if any before leaving the room. No duplication in any form of any of the material is allowed.**
- **Missing a test.** If you miss a test on the basis of a serious illness or family affliction, then it is important to make sure to have this documented by a relevant professional (e.g. a GP in case of an illness). The documentation must provide specific detail (e.g. clear start and expected finish dates of the illness) to be acceptable as the basis for a form of accommodation. I also require students to report the situation (a) timely and (b) correctly. Specifically, I require students to normally contact me no later than the time or due date of the test or assignment, and to supply both a phone number and an email address. Ideally contact me by email (schure@uvic.ca) [else by leaving a voice mail message (250-721-8535)]. Students that do not stick to these rules will find their options run out very fast.

- **Academic concession part 2: the final exam.** In the event of a missed final examination, please follow again the “missing a test” advice. In this case the instructor will normally have to ask you to submit a Request for Academic Concession (RAC) to Undergraduate Records with the required official documentation from a health professional within 10 working days of the end of the examination period. The RAC form is available on the Undergraduate Records website (http://registrar.uvic.ca/undergrad/records/forms/forms.html).

**University Policy on Working Environment:** The University of Victoria is committed to promoting a positive and safe learning and working environment for all its members.

**Accessibility:** Students with diverse learning styles and needs are welcome in this course. In particular, if you have a disability/health consideration that may require accommodations, you are free to approach me; however, you must register with the Centre for Accessible Learning (CAL) for formal arrangements to be made. The staff at CAL are available by appointment to assess specific needs, provide referrals and arrange appropriate accommodations. The sooner you let us know your needs the quicker we can assist you in achieving your learning goals in this course.

**Course Experience Survey (CES):** Towards the end of term you will have the opportunity to complete a confidential course experience survey (CES) regarding your learning experience. The survey provides feedback to me and the department regarding the course and my teaching and helps the department improve the overall program for students in the future.