Department of Economics, Finance and Real Estate  
School of Business Administration  
Montclair State University  

ECON 301-02 Course Outline  
Instructor: Ram Sewak Dubey  
Spring 2016

Office Hours: M W 1-2pm, M 6-7pm  
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Lecture Schedule: M 7-9:30pm  
Location: School of Business 114

I Course Number: ECON 301-02

II Course Name: MONEY AND BANKING

III Credit Hours: 3.0

IV Prerequisites: ECON 208 for ECON Majors; ECON 101 and INFO 240 for all business majors; or, Department Authorization

V Catalogue Description: An analysis of the economic role of money and credit in our economy with primary emphasis on commercial banking, Federal Reserve, and Treasury operations.

VI Aims of the Course: This course will introduce students to the structure and operations of the depository institutions and the Federal Reserve System of the United States and it will provide a systematic analysis of the money supply process and the economic role of money and credit in the economy.

VII Course Learning Goals:

After successful completion of this course, students will achieve the following:

CLG1. Students will have a clear understanding of the process of money creation.

CLG2. Students will have a knowledge of the organization and objectives of the Federal Reserve System and its policy impact on the supply of money and interest rates.

CLG3. Students will be conversant with why, how, and to what extent banks and other financial institutions are regulated by government agencies.

CLG4. Students will learn how the banking system and financial sector can be used to control cyclical fluctuations in the economy and influence capital formation.
CLG5. Students will learn the macroeconomic process leading to price stability, the full employment level of national income, and long-term sustainable growth.

CLG6. Students will be able to analyze and apply qualitative and quantitative information for making managerial decisions by integrating global and domestic issues.

CLG7. Students will understand and be able to discuss the implications of macroeconomic policy choices in the public sector.

VIII Content and Scope of the Course:

A. Monetary Financial System of the United States
   1. Definitions and functions of money and credit
   2. Economic function and structure of financial markets
   3. Financial market instruments
   4. Financial intermediation
   5. Regulation of the financial system

B. The Level and Structure of Interest Rates
   1. The Loanable Funds Theory
   2. Liquidity Preference Theory
   3. The Term Structure of Interest Rates

C. Commercial Banking
   1. Banking history of the U.S.
   2. The structure of the banking industry
   3. Sources and uses of funds
   4. Basic banking operations
   5. General principles of asset, liability and interest rate risk management

D. Central Banking
   1. Federal Reserve System
   2. Functions and objectives of the Federal Reserve System
   3. Tools of monetary policy

E. The Money Supply Process
   1. The determinants of money supply
   2. Multiple deposit creation
   3. Monetary base
   4. Money multipliers
   5. Money supply and monetary base equations

F. Monetary Theory
   1. The theories of demand for money
   2. The Keynesian framework and the ISLM model
   3. Monetary and fiscal policy in the ISLM model
   4. Aggregate demand and supply analysis
5. Money and inflation
6. The international financial system and monetary policy

IX Procedure, Techniques and Methods:
1. Lectures
2. Classroom discussions
3. Home-work assignments
4. Case-study analysis
5. Individual or group project report
6. Quizzes, midterm exams and a final exam

X SBUS Undergraduate Learning Goals supported by the Course:

G1. Be knowledgeable about the basic concepts in the major business disciplines and the integration among them
This is a major emphasis in this course.
- CLG 1 Students will have a clear understanding of the process of money creation.
- CLG 2 Students will have a knowledge of the organization and objectives of the Federal Reserve System and its policy impact on the supply of money and interest rates.
- CLG 3 Students will be conversant with why, how, and to what extent banks and other financial institutions are regulated by government agencies.
- CLG 4 Students will learn how the banking system and financial sector can be used to control cyclical fluctuations in the economy and influence capital formation.

G2. Be effective in written and oral communications and in the use of appropriate supporting electronic technologies
This is a major emphasis in this course.
- CLG 5 Students will learn the macroeconomic process leading to price stability, the full employment level of national income, and long-term sustainable growth.
- CLG 6 Students will be able to analyze and apply qualitative and quantitative information for making managerial decisions by integrating global and domestic issues.
- CLG 7 Students will understand and be able to discuss the implications of macroeconomic policy choices in the public sector.

G3. Be able to use appropriate quantitative and qualitative methods to analyze and solve problems involving various business disciplines
This is a major emphasis in this course.
- CLG 6 Students will be able to analyze and apply qualitative and quantitative information for making managerial decisions by integrating global and domestic issues.
- CLG 7 Students will understand and be able to discuss the implications of macroeconomic policy choices in the public sector.
G4. Be able to devise, execute and evaluate a business strategy appropriate in a given situation with coordination and integration among the functional business disciplines
This is a minor emphasis in this course.
- CLG 6 Students will be able to analyze and apply qualitative and quantitative information for making managerial decisions by integrating global and domestic issues.
- CLG 7 Students will understand and be able to discuss the implications of macroeconomic policy choices in the public sector.

G5. Be knowledgeable of the ethical challenges and professional codes of conduct in one's chosen discipline, follow rigorous moral and ethical principles in interactions with others, and apply these principles to one's work products
This is a minor emphasis in this course.
- CLG 7 Students will understand and be able to discuss the implications of macroeconomic policy choices in the public sector.

G6. Be able to understand and explain the fundamental and contemporary issues in one's chosen discipline and be prepared to launch a career
This is a minor emphasis in this course.
- CLG 4 Students will learn how the banking system and financial sector can be used to control cyclical fluctuations in the economy and influence capital formation.
- CLG 5 Students will learn the macroeconomic process leading to price stability, the full employment level of national income, and long-term sustainable growth.
- CLG 6 Students will be able to analyze and apply qualitative and quantitative information for making managerial decisions by integrating global and domestic issues.
- CLG 7 Students will understand and be able to discuss the implications of macroeconomic policy choices in the public sector.

XI Basic Requirements for Completion of the Course:

Students are required to perform successfully on the required assignments, quizzes, midterm exams, final examination and the project.

(a) Attendance: Attendance is not formally part of the course grade. It is, nevertheless, almost impossible to do well in this course without attending regularly. Please let me know in the event that illness or other issues will cause you to miss multiple classes. Unexcused absence from three or more classes will lead to reduction in one point letter grade, for example, B+ will be reduced to B.

(b) I expect students to practice proper classroom etiquette, i.e., no sleeping, no food, no cell phones, etc. I reserve the right to assign a final-average grading penalty for behavior (such as texting) that disrupts teaching and learning.

(c) Problem Sets (20%): There will be a problem set every week which will be due back at the beginning of the class in the following week. Late submissions will be subject to penalty for the duration of delay. It is important for any student who wants to do well in the course to work seriously on the assigned problem sets. Also the performance on the problem sets will help me decide on the border line cases while assigning grades for the course.
(d) Project: In addition to the homework assignments and exams, you will be required to complete a project. The project consists of the following four features:-

(i) team-work (in the groups of 3 students),
(ii) understanding a relevant topic which is new (assigned by myself),
(iii) presenting it to the rest of the class using tools like power-point, and finally
(iv) writing a report on that topic explaining its relevance in the real world.

The project will contribute 20% of the course grade.

(e) Exams: There will be a midterm and a comprehensive final exam. The grades in the midterm will contribute 30% of the course grade and the final exam (which will be cumulative with more emphasis on the material covered after the midterm) will contribute 30% of the course grade. Final exam will be conducted at the time scheduled by the Registrar.

XII Textbooks / Readings
Students are required to follow the recommended textbook and complete all of the additional readings handed out or assigned in class.


XIII Additional Readings:

Popular Newspapers:

Federal Reserve Journals:

Journals related to Money and Banking:

Other Useful Links:
Bureau of Economic Analysis
Bureau of Labor Statistics
Census Bureau
RFE: Resources for Economists on the Internet
National Bureau of Economic Research (NBER)
The Economics of the Internet, Information Goods, Intellectual Property and Related Issues (maintained by Hal Varian)
The Nobel Prize in Economics
To register for ECON 301 02:

1. Go to [www.pearsonmylabandmastering.com](http://www.pearsonmylabandmastering.com).
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