

Department of Economics  
Feliciano School of Business  
Montclair State University

ECON 301 Course Outline  
Instructor: Ram Sewak Dubey

Spring 2023

Class schedule: Asynchronous online

Office hours: MTR 9-10am

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I Course Number: ECON 301

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 Duration: 1/16/2023- 5/12/2023

VI 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.

VII Aims of the Course: This is an ONLINE 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.

VIII 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 macro- economic policy choices in the public sector.

#### IX 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

#### X 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

XI 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 macro-economic 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 macro-economic 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 macro-economic 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 macro- economic 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 macro- economic policy choices in the public sector.

## XII Basic Requirements for Completion of the Course:

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

- (a) Discussions (20%): Active participation in the class adds enormous value to the learning experience. There will be periodic discussion sections, where you can post reviews of recent articles on the topics we learn in this course. You should post at least two reviews in each discussion section to get good grade. In addition, every student is required to attend at least two office hours session on Zoom during the course. I will post information about the office hours on Canvas.
- (b) Problem Sets (35%): 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.
- (c) Exams (45%): There will be two midterms and a final exam. The grades in each of the two midterms and the final exam (with more emphasis on the material covered after the midterm) will contribute one third of the 40% of the course grade.

## XIII Textbooks / Readings

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

Mishkin, Frederic S. “*The Economics of Money, Banking, and Financial Markets*”, 13th Edition, published by Pearson Education, ISBN-13: 9780134733821. I will be using MyEconLab to post instruction (study) material and problem sets for the course. Link to MyEconLab will be available on Canvas.

## XIV Additional Readings:

*Popular Newspapers:*

Wall Street Journal, New York Times, Financial Times, Washington Post, The Economist, Business Week

*Federal Reserve Journals:*

Federal Reserve Bulletin, Federal Reserve Bank of Atlanta Economic Review, Federal Reserve Bank of Chicago Economic Perspectives, Federal Reserve Bank of New York Quarterly, Federal Reserve Bank of Richmond Economic Studies, Federal Reserve Bank of St. Louis Review

*Journals related to Money and Banking:*

Global Finance Journal, Journal of Banking and Finance, Journal of International Money and Finance, Journal of Monetary Economics, Journal of Money, Credit 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