ECO 3355-001: Money and Banking
Department of Economics
Southern Methodist University
Spring 2008

SYLLABUS

Lectures: Monday, Wednesday and Friday, 9:00-9:50 am, Fondren Science Building 158.

Instructor: Sumanee Suppakornkosai.

Office: Umphrey Lee 315.

Office Hours: Monday 10:00 am – 12:00 pm and Wednesday 10:00 am - 11:00 am, or by appointment (please set up appointments through e-mail).

Phone: 214-768-3981.

E-mail: ssuppako@mail.smu.edu

Webpage: http://faculty.smu.edu/ssuppako/


Required Prerequisites: ECO 1311 and ECO 1312.

Course Content:

The purpose of this course is to model economies with money, so it enables us to answer, from the basic question: Why do we use money? to more serious question: What is the effect of monetary policy on economy?

The course will start from the most basic model of money, the overlapping generation model and the demand for fiat money. The fundamentals of inflation, exchange rate determination and the international monetary system are also examined. Then we will study the demand of money with the presence of alternative assets such as capital.

Attention is also paid to the banking system, the role of central banking and its effect on monetary policy. We will study the effects of money on output and national account. Throughout the course, we will try to correct the model’s oversights by adding the features that it lacks one by one.
Course Requirements:

- **Attendance**: Class attendance is required. Attending class regularly will help students understand the course material and contribute towards final course grade.

- **Religious Observance**: Religiously observant students wishing to be absent on holidays that require missing class should notify their professors in writing at the beginning of the semester, and should discuss with them, in advance, acceptable ways of making up any work missed because of the absence. (See University Policy No. 1.9.)

- **Excused Absences for University Extracurricular Activities**: Students participating in an officially sanctioned, scheduled University extracurricular activity should be given the opportunity to make up class assignments or other graded assignments missed as a result of their participation. It is the responsibility of the student to make arrangements with the instructor prior to any missed scheduled examination or other missed assignment for making up the work.

Homework:

There will be four graded homework assignments. Students may form a group of two or three and hand in the assignment as one paper. All assignments are due in class, and late assignments will not be accepted. Availability and due dates for each assignment are provided on the attached course outline schedule. Both problem sets and answer keys will be posted on my webpage in PDF.

Exams:

There will be two non-cumulative exams, one cumulative midterm exam and one cumulative final exam. All exams are closed book. The dates for all exams are provided on the attached below. There will be no makeup exams. If for any reason (must be extreme situations), students cannot take an exam or quiz, you need to see me before the day of the exam or quiz, except in case of emergency (example: hospitalization). Consequently, makeup exams will be judged on a case by case basis together with supporting documents from a physician or other relevant authority.

Grading Criteria:

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<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Attendance</td>
<td>10%</td>
</tr>
<tr>
<td>Homework</td>
<td>20% (5% each)</td>
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<tr>
<td>Exams</td>
<td>20% (10% each)</td>
</tr>
<tr>
<td>Midterm Exam</td>
<td>20%</td>
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<tr>
<td>Final Exam</td>
<td>30%</td>
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Grading Scale:
Grade will be assigned according to the following scale:

- 90 – 100 % = A
- 86 – 89.9% = A-
- 82 – 85.9% = B+
- 76 – 81.9% = B
- 72 – 75.9% = B-
- 68 – 71.9% = C+
- 62 – 67.9% = C
- 58 – 61.9% = C-
- 54 – 57.9% = D+
- 48 – 53.9% = D
- 44 – 47.9% = D-
- 43.9% or below = F

Honor Code:
All work undertaken and submitted in this course is governed by the University’s honor code. Any given or receiving of aid on academic work submitted for evaluation, without the express consent of the instructor, or the toleration of such action shall constitute a breach of the Honor Code. If any student is unclear about the University’s honor policy, either in general or in its particular application, please contact me immediately.

Disability Accommodations:
If you need academic accommodation for a disability, you must first contact Ms Rebecca Marin, Coordinator, Services for Students with Disabilities (214-768 4557) to verify the disability and establish eligibility for accommodation. Then you should schedule an appointment with me to make appropriate arrangements. (See University Policy No. 2.4.)
Tentative Course Outline

• Introduction of Model of Money (Ch.1)
• The Effects of Inflation (Ch.3)

Problem Set 1: Monday, January 28th – Due: Monday, February 4th

• International Monetary Systems and Exchange Rate (Ch.4)

Exam 1: Friday, February 8th

• The Effects of Monetary Surprises (Ch.5)
• A Model with Capital (Ch.6)

Problem Set 2: Friday, February 22nd – Due: Friday, February 29th

• Liquidity and The Business of Banking (Ch.7)
• Central Banking (Ch.8)

Midterm Exam: Friday, March 7th

• Money and Output (Ch.9)
• Bank Runs (Ch.12)

Problem Set 3: Friday, March 28th – Due: Friday, April 4th

• A Model with Government Debt (Ch.13)
• Savings and Investment (Ch.14)

Exam 2: Friday, April 11th

• The Effects of National Debt (Ch.15)

Problem Set 4: Monday, April 21st – Due: Monday, April 28th

• Defaulting on Government Debt and the Effects of Inflation (Ch.16)

Final Exam: Monday, May 5th, 8:00-11:00 am

Note: The dates and information provided in this course outline are for information and planning purposes only. The dates are subject to change based on the material covered and unexpected circumstances that require changing the schedule.