

# ECON 305 02 Money and Financial Institutions

Spring 2023, College of Charleston  
Department of Economics

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<b>Office:</b> Beatty 429	<b>Zoom &amp; In-Person Office Hours:</b> MW 2pm-4pm or by appt.
<b>Phone:</b> 843-953-8104	<b>In-Person Class Meeting Hours:</b> 12:00-12:50pm MWF
<b>Prerequisites:</b> ECON 200, ECON 201, MATH 104 or 250, and MATH 116 or 120; or permission of the instructor	<b>Class Location:</b> Tate 131

## COURSE DETAILS:

**Catalog Description:** An introduction to the operations, mechanics, and structure of the U.S. financial system, with emphasis on its institutions, markets, and instruments, as well as the Federal Reserve System and monetary policy and the effects of policy on the economy and on financial institutions.

**Course Objectives:** The class is designed to provide students with a set of tools for understanding how financial instruments, institutions, and markets affect the broader economy as they address problems of time, information, and risk. The class will emphasize the analysis of the financial economy in three modules: Time, Risk, & Information; Modeling the Financial Economy; and Monetary & Financial Policymaking.

**Class Format:** The class is formatted around interactive lectures and class discussion / problem-solving. Primary tools include graphical and algebraic modeling, basic statistical analysis, and basic calculus consistent with course prerequisites. Students will be expected to complete online quizzes at the beginning of most weeks, actively participate in class discussions, write reports and present them in coordination with a team, and complete three online exams.

**Required Materials:** OAKS, including Gradebook, will be used for this course throughout the semester to provide the syllabus, class materials, graded assignments, and grades for each assignment, which will be regularly posted. Students will need access to a computer or mobile device with high-speed internet access in this course. Access to MS Excel, Google Sheets, or a high-quality financial calculator with which the student is familiar will also be required for some assignments. We will be using chapters from the following books:

- Lewis, Michael, *The Big Short: Inside the Doomsday Machine*, W.W. Norton & Co. ISBN: 978-0-3933-3882-9.
- Mishkin, Frederic, *The Economics of Money, Banking, and Financial Markets: Business School Edition*, 4th ed., Pearson. ISBN: 978-0-1338-5980-5. (note that the 5th edition is also available, and students are free to use other editions with the understanding that the 4th edition will be the official edition for grading purposes)

**Additional material**, such as additional readings (including online appendices) or other media will be provided via OAKS and may also constitute testable material. Students will be informed through OAKS announcements when any material beyond the assigned book chapters are testable.

**Expectations:** This course draws on core principles of a “flipped classroom” and utilizes a variety of online components to maximize the educational benefits of in-person class time.

**Much of the class** will be run much like a traditional course, although the design of lectures, discussions, and problem solving should encourage more interaction between students than you might be accustomed to in classes of a similar size;

**Online components** will be handled through OAKS, with no additional course management software required, although students will need access to such standard web resources as a PDF reader and an up-to-date modern web browser (either Google Chrome or Firefox recommended);

**To succeed** in the course, students should expect to work 7-9 hours (including 3 50-minute class meetings) every week and check the course OAKS announcements and their CofC email daily for updates.

**Structure:** The course is divided into three modules, each developing an additional layer of understanding the effect of the monetary system on the financial economy: Time, Risk, & Information; Modeling the Financial Economy; and Monetary & Financial Policymaking.

**Each module** will cover 4 to 6 chapters from the Mishkin textbook, several chapters from the Lewis book, involve work towards ongoing team projects, and end in an exam administered online.

**Most weeks** within a module will follow the same core loop:

**Prepare** before Monday's class meeting by

**reading** the assigned textbook chapter(s) and

**completing** a quiz on the reading

**Engage** with the course material throughout the week by

**attending** class meetings to clarify key concepts,

**practicing** problems in breakout groups, and

**working** with teammates outside the classroom to create written reports and presentations of the team's work

**Modules will end** with an exam taken on OAKS and due by the end of the listed class period

**Presentation weeks** differ from regular class weeks as they involve

**discussing** several chapters of *The Big Short* by Michael Lewis and writing brief summaries of the discussion,

**submitting** a team project written report, and

**presenting** the team's observations and arguments in class

**The OAKS Content Tab** is the best way to navigate through all required and recommended material in the course.

## GRADING POLICY:

**Final grades are rounded to the nearest whole percent.** The grading scale is as follows:

Percentage Grade	≥ 90%	≥ 80%	≥ 70%	≥ 60%	< 60%
Letter Grade	A	B	C	D	F

Graded assignments include asynchronous online quizzes, synchronous in-person discussions, asynchronous online exams, and team projects. The distribution of points is as follows:

Reading Quizzes (11 total, 1 dropped, 2.5% each)	25%
Book Discussions (3 total, 5% each)	15%
Exams (3 total, 10% each)	30%
Team Projects (3 total)	30%
<b>Total</b>	<b>100%</b>

**Online Quizzes.** Before each weekly section of material has been covered, students will complete quizzes covering the assigned chapter(s) from Mishkin. These quizzes will also provide students with a chance to inform the professor of which topics need the most discussion and practice during the week's scheduled class meetings. Eleven reading quizzes will be offered over chapters in Mishkin, with the lowest automatically dropped at the end of the semester. All quizzes will be due by 9pm on the evening before the related chapter will be discussed, and will be available beginning at 10pm one week before it is due.

**Book Discussions.** Throughout the semester, students will read roughly one chapter per week from Michael Lewis' book, *The Big Short* (while the film is good, it leaves out details from the book which increase its relevance for the course). On the Monday before each Team Project presentation, students will attend in-class discussions of the assigned chapters. Discussions will be graded based on participation by the individual in breakout groups and whole-class discussion, and on 1-page (250 word max) reaction submitted to the OAKS forum following the in-class discussion. Details on these discussions is provided in a separate Discussion Guide. In order to gain access to Book Discussions, students must complete a syllabus quiz on OAKS with a score of 100%. This quiz will involve assenting to the college honor code regarding academic integrity.

**Exams.** At the end of each module, students will complete a take-home exit exam via OAKS. Each exam will consist of questions drawn from the reading quiz test banks and short answer / analytical questions. All material presented during class-meetings and discussions or assigned and provided via OAKS will also be testable, and while exams will generally focus on material not tested on previous midterms, they will contain a cumulative component due to the nature of the course material. Exams will be due by the end of the course's assigned period (12:50pm for Exams 1 and 2, 12:30pm for Exam 3) on the day indicated by the course schedule, and will be made available after class on the previous class period.

In order to gain access to exams, students must complete a syllabus quiz on OAKS with a score of 100%. This quiz will involve assenting to the college honor code regarding academic integrity.

**Team Projects.** Students will work in assigned teams on 3 cumulative projects throughout the semester, conducting data-based research, completing written reports documenting the research, and presenting oral summaries of the projects. Teams will be assigned uniform grades, while individual grades will also depend on peer evaluations of the individual's contribution to the team outcome and the professor's assessment of each member based on group feedback. Details on the projects are provided in the Team Project Guide. Project #1 will be worth 5% of the student's final grade, Project #2 will be worth 10%, and Project #3 will be worth 15%.

Students are responsible for all information presented through class meetings or through assigned readings, multimedia, or activities, and all will be considered testable. Graded assignments are designed for you to *use* the terms, concepts, and models presented in the course and to challenge your weakest abilities in these areas. As such, any inability to use the course material effectively will be reflected in your grade, even if you "know" the material.

There will be no "bumping up" offered at the end of the semester, and (except when a grade of Incomplete or similar is filed) no new graded assignment can be submitted after the final exam administration has begun. Each student is responsible for their own grade, and extra credit opportunities cannot be offered to one student that have not been made available to the class as a whole. If you are concerned about getting a certain letter grade, you must consistently put in the effort and achieve the performance required by the standards of the course throughout the semester.

**No make-up assignments or extensions, including taking exams early, will be offered for any reason.** Students are expected to complete online assignments far enough in advance to avoid losing points due to computer malfunctions, power outages, or similar rare events. If a student will be unable to complete a graded assignment, they should inform the professor (prior to the assignment's due date if possible) and up to one exam, one quiz, and one book discussion may be excused from the student's grade at the professor's discretion. Further accommodation for in-class assignments may be made if either students or the instructor are unable to attend due to illness.

## RESOURCES FOR SUCCESS:

In order to succeed in the course, students should take advantage of the following resources in the manner they find most productive. Note again that students are expected to be working approximately 7-9 hours per week on course related activities, inclusive of all of the following:

**Reading Assignments.** Students will be given chapters in the assigned textbook to read according to the class schedule. Students are encouraged to discuss chapter content with other students on the OAKS discussion forums for the relevant module.

**OAKS Discussions.** Students should feel free to post questions related to the readings or class material on OAKS, especially working on team projects using the team discussion boards. Students should generally seek out peer assistance on discussions before addressing questions to the professor via email.

**Red Questions.** After each reading quiz, the professor will compile a short list of frequently-missed questions. This list of questions, and their answers, will generally be used for class meeting practice and discussion and will be made available online after this in-class discussion.

**Class Meetings.** Repeated analysis has shown that non-interactive class meetings are often not the most effective way for college students to learn challenging material. As such, class lectures will to a large extent be driven by student feedback on reading quizzes. This allows us to use our time more effectively on topics where many students are having difficulty. Students will be able to interact with the professor by asking questions, answering the professor's questions, and contributing to discussions. Students are encouraged to take notes during class meetings. The class meetings will also devote time to working practice problems such as the Red Questions.

**Group Study.** An essential component of this course is working with other students. The team projects and breakout group in class build this in explicitly, but studying in groups can be a highly effective way to learn challenging material, and is common practice in more mathematically challenging courses. Students may wish to form their own study groups, especially in the week before each exam.

**Office Hours.** Students can interact with the professor via drop-in office hours on Mondays and Wednesdays from 2pm to 4pm. Students may attend these designated office hours to ask clarifying questions, work through red questions or other practice problems and learn the answers, discuss their current standing in the course, or develop study plans for this course. Students unable to meet at this time may email the professor to schedule an alternate meeting time. Please be as flexible as possible with your availability for such meetings, and please keep in mind that it is unprofessional to miss specially scheduled appointments.

**Online Resources.** Students will have access to any formal slides used in class and occasional additional notes or videos which illustrate some connections between the readings and the lectures for the course. From time to time, videos or other media which might illuminate on topics discussed will be made available through OAKS.

**Center for Student Learning:** The Center for Student Learning's (CSL) academic support services provide assistance in study strategies, speaking & writing skills, and course content. Services include tutoring, Supplemental Instruction, study skills appointments, and workshops. Students of all abilities have become more successful using these programs throughout their academic career and the services are available to you at no additional cost. For more information regarding these services please call (843) 953-5635 or visit the CSL website.

**Accommodations for Students with Disabilities:** The Center for Disability Services/SNAP is committed to assisting qualified students with disabilities achieve their academic goals by providing reasonable academic accommodations under appropriate circumstances. If you have a disability and anticipate the need for an accommodation in order to participate in this class, please connect with the Center for Disability Services/SNAP. They will assist you in getting the resources you may need to participate fully in this class. You can contact the Center for Disability Services/SNAP office at 843.953.1431 or at [snap@cofc.edu](mailto:snap@cofc.edu). You can find additional information and request academic accommodations at the Center for Disability Services/SNAP website.

## GENERAL RESOURCES:

**Mental & Physical Wellbeing:** We take every students' mental and physical wellbeing seriously. If you find yourself experiencing physical illnesses, please reach out to student health services (843.953.5520). And if you find yourself experiencing any mental health challenges (for example, anxiety, depression, stressful life events, sleep deprivation, and/or loneliness/homesickness) please consider contacting either the Counseling Center (professional counselors at CofC Counseling Center or 843.953.5640 3rd Floor of Robert Scott Small Building) or the

Students 4 Support (certified volunteers through texting "4support" to 839863, or meet with them in person 411 (4th Floor) Stern Center). Learn more about Students 4 Support on CofC's Hub. These services are there for you to help you cope with difficulties you may be experiencing and to maintain optimal physical and mental health.

**Food & Housing Resources:** Many CofC students report experiencing food and housing insecurity. If you are facing challenges in securing food (such as not being able to afford groceries or get sufficient food to eat every day) and housing (such as lacking a safe and stable place to live), please contact the Dean of Students for support (SALT - Student Affairs Leadership Team). Also, you can go to Student Food and Housing Insecurity to learn about food and housing assistance that is available to you. In addition, there are several resources on and off campus to help. You can visit the Cougar Pantry in the Stern Center (2nd floor), a student-run food pantry that provides dry-goods and hygiene products at no charge to any student in need. Please also consider reaching out to Professor ABC if you are comfortable in doing so.

**Technical Difficulties:** If you have technical problems, please contact Student Computing Support or Helpdesk:

**Student Computing Support:** (843-953-5457) or studentcomputingsupport@cofc.edu

**IT Service Desk:** (843-953-3375) or ITservicedesk@cofc.edu

**Inclusion:** The Multicultural Student Programs and Services provides a safe haven for students to develop connections with other students. It exists to help students be successful, provide advocacy, support services, and culturally based programs that educate about diversity and multiculturalism and empower them to be agents of social change in an increasingly diverse and global community.

The College of Charleston offers many resources for LGBTQ+ students, faculty, and staff along with their allies.

Preferred Name and Pronoun Information	Campus Resources
On Campus Gender Inclusive facilities	GSEC Reports
College of Charleston Reporting Portals	College of Charleston Quality Enhancement Plan (QEP)
National Resources for Faculty & Staff	Articles about CofC and LGBTQ+ Issues

Documenting LGBTQ Life in the Lowcountry (CofC Addlestone Library Special Collections Project)

In keeping with the College of Charleston's core values of diversity, equity and inclusion, the Cougar Inclusion Team (CIT) provides education, information, and recommendations regarding support resources to members of the campus community who have experienced exclusion or bias. The CIT works to support members of our campus community who report concerns by listening, discussing resources, providing guidance on resolution options, conducting education, and collecting information about occurrences on our campus. A report to the CIT team helps us better understand our campus climate, informs our educational and infrastructure opportunities to address concerns that are shared, and fosters an environment where everyone feels welcome. More information about the CIT, including how to report an exclusion or bias incident can be found here.

## LEARNING OUTCOMES AND GOALS:

Goals are assessed through online quizzes, class-meeting discussions, take-home exams, and team projects (including presentations).

**Understanding Major Economic Problems** *Department of Economics:* Students demonstrate an understanding of the major economic problems facing society and the policy alternatives which may be utilized to contend with these problems. Supports Strategic Initiative 1: Enhance the undergraduate academic core.

**Quantitative Fluency** *School of Business:* Students demonstrate competency in logical reasoning and data analysis skills. *Department of Economics:* Students demonstrate the ability to draw insights about economic behavior from the application of mathematical tools. Supports Strategic Initiative 1: Enhance the undergraduate academic core.

**Synthesis** *School of Business:* Students demonstrate the ability to integrate knowledge from multiple disciplines incorporating learning from both classroom and non-classroom settings in the completion of complex and comprehensive tasks. *Department of Economics:* Students demonstrate the ability to access existing knowledge by retrieving, assembling, and organizing information on particular topics and issues in economics. Supports Strategic Initiative 1: Enhance the undergraduate academic core.

**Communication Skills** *School of Business:* Students demonstrate the ability, via both written and spoken word, to effectively present, critique, and defend ideas in a cogent, persuasive manner. *Department of Economics:* Students demonstrate the ability to clearly communicate the analysis of an economic issue. Supports Strategic Initiative 1: Enhance the undergraduate academic core.

**Global and Civic Responsibility** *School of Business:* Students identify and define social, ethical, environmental and economic challenges at local, national and international levels. Students integrate knowledge and skills in addressing these issues.

**Intellectual Innovation and Creativity** *School of Business:* Students demonstrate their resourcefulness and originality in addressing extemporaneous problems.

## HONOR CODE AND ACADEMIC INTEGRITY:

As members of the College of Charleston community, we affirm, embrace and hold ourselves accountable to the core values of integrity, academic excellence, liberal arts education, respect for the individual student, diversity, equity and inclusion, student centeredness, innovation and public mission. Congruent with these core values, the College of Charleston expects that every student and community member has a responsibility to uphold the standards of the honor code, as outlined in the Student Handbook, In pursuit of academic learning, you are expected to reference the work of other scholars, and complete your own academic work, while utilizing appropriate resources for assistance. Any acts of suspected academic dishonesty will be reported to the Office of the Dean of Students and addressed through the conduct process. Your adherence to these practices and expectations plays a vital role in fostering a campus culture that balances trust and the pursuit of knowledge while producing a strong foundation of academic excellence at the College of Charleston. Any questions regarding these expectations can be clarified by your instructor.

**Course-specific Honesty Expectations** The following are explicitly prohibited in this course:

**Unauthorized collaboration** —working with someone else without explicit permission from the professor—is a form of cheating.

**Discussing specific questions** from any graded assignment with another student prior to the assignment's due date also constitutes cheating, as is discussing specific questions with anyone other than the professor while taking a timed graded assignment or sharing or viewing the questions anywhere except on the OAKS discussion forums for this course.

**Sharing questions** from graded assignments, whether electronically as screen shots or in any other form, is similarly a form of cheating, as is viewing exact wording of specific questions uploaded by another student and sharing exact wording of specific questions (regardless of who originally shared it or took the screen shot).

**Research conducted** and/or papers written for other classes cannot be used in whole or in part for any assignment in this class without obtaining prior permission from the professor.

**Use of ideas** from known sources in a written report must include a full citation to the source in the references section at the end of the report and an in-text author-year citation (not a footnote) in the body where the idea is used. If the idea is not thoroughly rewritten in the students' own words, it must be directly quoted from the source and enclosed in quotation marks.

## CLASSROOM AND COLLEGE PROTOCOL:

**Communication:** Beyond class meetings, students may also interact with the professor in one-on-one meetings; through email, which the professor will respond to within 48 hours; and through exam and other graded assignment feedback, which will be provided within 7 days of the assignment due date. Students should follow professional etiquette when interacting with the professor and each other.

**Professional Etiquette:** All students are expected to behave in a professional and respectful manner at all times. The classroom environment should be treated as a professional environment where you are interacting with your workplace colleagues and supervisors.

**During class meetings** or online discussions, students should be professional and ethical in their presentation and speech, be open to new ideas, be respectful of conflicting opinions, be kind and forgiving toward all present, be constructive when offering criticism, and help each other learn whenever possible. Students should avoid monopolizing class time, disrupting or distracting other students, and making statements you would not say if an immediate professional superior were present. Students should be especially mindful of how text communication will be perceived by others in the absence of nonverbal cues. Above all else, students should be willing to make mistakes where others can see them, and be constructive and helpful in learning from the mistakes others make.

**Failure to follow professional etiquette** may result in the student being dismissed from the classroom by the professor.

**Attendance, Tardiness, and Participation:** This course does not impose graded penalties based on attendance, tardiness, or participation. However, students are expected to be consistently present and actively engaged in class meetings. It is unprofessional for students to schedule other activities, including work hours, during class time; students attending meetings should ensure they are able to devote their full attention to the meeting. External communication such as texting should generally be done outside the classroom. Keep in mind that office-hour meetings are a complement to class meetings, not a substitute; please acquire notes from classmates for missed class periods. In general, successful performance will require students to attend every class meeting possible.

**Attendance Verification:** Only students officially registered (graded or auditing) for this course may attend class. During the two weeks following the drop/add deadline, the professor will verify student enrollments in this course. Any student appearing on the class roll but determined not to have attended the class even once will be removed, except for cases where a student is absent because of quarantine or isolation due to COVID-19. Enrolled students not recording *both* (1) completion of at least one attempt at the Syllabus Quiz *and* (2) verification of in-person attendance by creating a name placard during the two weeks following the end of the add/drop period *will be removed from the course*.

**Classroom Health:** To minimize the spread of all forms of communicable illness, students are encouraged to wear masks over the nose & mouth while in the classroom. Students are strongly encouraged to become vaccinated against COVID-19. Because there are no grade penalties for failure to attend class meetings, *students are strongly encouraged not to attend class meetings if they are experiencing any symptoms of communicable illness*. See the Grading Policy section for accommodations of students who are unable to complete graded assignments, including in-class discussions.

**Classroom Alternatives:** While the course continues in person, no online alternative to in-person meetings will be offered. The course will fully convert to synchronous or asynchronous online format via Zoom if the professor is unable to be present in-class but is able to conduct meetings; if the whole class is quarantined due to exposure to communicable illness; or if the College restricts the number of students allowed in the classroom simultaneously. Students are expected to have access to Zoom and the physical technology needed to use it, and must consent to being recorded if classroom meetings are conducted synchronously via Zoom. Before the drop/add deadline, students should decide whether the course plan and schedule on the syllabus matches their own circumstances.

**Weather:** If the College of Charleston closes and members of the community are evacuated due to inclement weather, students are responsible for taking course materials with them in order to continue with course assignments consistent with instructions provided by faculty. If in-person classes are suspended, faculty will announce to

their students a detailed plan for a change in modality to ensure the continuity of learning. All students must have access to a computer equipped with a web camera, microphone, and Internet access. Resources are available to provide students with these essential tools.

**Religious Accommodation:** The College prohibits discrimination against any student because of such student's religious belief or any absence thereof. The College supports the concept of "reasonable accommodation for religious observance" in regard to class attendance and the scheduling of examinations and other academic work requirements, unless the accommodation would create an undue hardship on the College. The course schedule is designed to accommodate religious holidays. If you are in need of alternate accommodations, please contact the professor.

**Changes:** Any changes in course policies during the semester will be announced on OAKS.



**COURSE SCHEDULE:**

This schedule is subject to change. Changes will be posted on the OAKS announcement page and sent out via email. Please check the OAKS calendar and your official CofC email daily. If there is any confusion as to when an assignment is due, contact the professor.

DATES:	MODULE:	WEEK:	MONDAY	WEDNESDAY	FRIDAY	READINGS	
1/8–1/14	Module 1	1	<b>NO CLASSES</b>	1ST DAY		—	
1/15–1/21		2	<b>MLK DAY</b>	RQ #1		CH 8 & 16	
1/22–1/28		3	RQ #2			CH 4 & 7	
1/29–2/4		4	RQ #3	TEAMS ASSIGNED		CH 6 <sup>1</sup>	
2/5–2/11		5	RQ #4		EXAM #1	CH 18	
2/12–2/18	Module 2	6	RQ #5	DRAFT #1		CH 5 <sup>2</sup>	
2/19–2/25		7	DISC #1	PROJECT #1		—	
2/26–3/4		8	RQ #6			CH 23 <sup>3</sup>	
3/5–3/11		9	<b>SPRING BREAK - NO CLASS</b>				—
3/12–3/18		10	RQ #7			CH 9 <sup>4</sup>	
3/19–3/25	11	RQ #8	DRAFT #2	EXAM #2†	CH 17 <sup>5</sup>		
3/26–4/1	Module 3	12	DISC #2	PROJECT #2		—	
4/2–4/8		13	RQ #9			CH 19	
4/9–4/15		14	RQ #10			CH 11 & 12	
4/16–4/22		15	RQ #11	DRAFT #3		CH 10 & 13	
4/23–4/29		16	DISC #3	PROJECT #3	EXAM #3**		

RQ indicates a reading quiz on the listed chapter from Fredric Mishkin's *Economics of Money, Banking, and Financial Markets: Business School Edition*, 4th ed. Quizzes are due by 9:00pm on the evening before the assignment will be covered in class.

PROJECT indicates the final written report of the numbered project is due in the OAKS Assignment Folder, and the oral presentation of the project will be given during the class meeting. DRAFT indicates the due date for a draft of the report that includes correct citations and figures, which is due a week before the final report. DISC indicates that answers to discussion questions on the listed chapters of *The Big Short* by Michael Lewis are due in the OAKS Assignment Folder, and a discussion of these chapters will take place during the class meeting. All Assignment Folder materials are due *by the end of class* (no later than 12:50pm) on the date listed.

Exams 1 & 2 are due by the end of the class period (12:50pm) on the date listed on the assignment, and are available after class the preceding Wednesday.

\*\*Exam #3 will be due at the end of the final exam administration period, 12:30pm on Tuesday, May 2nd. It will become available after class on the final day of classes.

†24 March is the last day for students to withdraw with a grade of "W" from full semester classes.

<sup>1</sup>including Web Appendix 1 to Chapter 5

<sup>2</sup>including Web Appendices 2 & 3 to Chapter 5

<sup>3</sup>including the in-book Appendix

<sup>4</sup>including Web Appendix 2 to Chapter 9

<sup>5</sup>including Web Appendix 1 to Chapter 17