

Course Syllabus
ECON 311: Money and Banking
Section 1
Mondays, Wednesdays and Fridays 10:00 – 10:50 a.m.
1127 Integrated Science Center

Dr. Mark R. Greer
Office: 464 Tyler Hall
Office Hours Before February 15: 7:00 – 8:30 p.m. Mondays and Thursdays, and by
appointment, via Zoom
Office Hours After February 15: 10:00 – 11:00 a.m. and 1:00-2:30 p.m. Tuesdays and Thursdays,
and by appointment, either in-person or via Zoom
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Course Background

ECON 311 is an upper-level economics course that focuses on financial economics with a particular emphasis on the banking system and monetary policy. The course counts as elective credit for the economics major at William & Mary. ECON 102 or its equivalent at another institution is a prerequisite for the course. If you have not taken the prerequisite, bail out now before you find yourself in over your head!

Course Objectives

By the end of the semester, you should have an in-depth understanding of certain areas of financial economics. These include:

1. Modern monetary theory and its counterintuitive policy prescriptions
2. The transmission mechanisms through which central bank monetary policy impacts the macroeconomy.
3. The relationship between interest rates and asset values.
4. Financial markets, financial intermediation and the differences between the two.
5. The impact of monetary policy on a country's international balance of payments.
6. The regulatory environment of the banking system.

MIX Teaching Format

The class will be taught in the MIX mode, which means that half of the learning that would otherwise have taken place in-person will be conducted online. I anticipate that one-half of our scheduled class meetings will be held in-person, in the assigned classroom, ISC 1127. We

will not meet in-person at all prior to February 22, which I hope will be our first in-person class meeting. Due to the fluid nature of the Covid-19 pandemic, we may have to do some last-minute juggling of the dates when we will meet in-person. Let us plan, for now, meeting in-person starting on February 22. We will meet in-person on the majority of the scheduled class meetings after that date.

With the exceptions of the exams, which will be taken online, the online portion of the course will be held asynchronously, which means that there are no particular times that you have to be online when you are working through the online content. You may work through this content at your leisure, provided that you do not miss any deadlines. I anticipate, however, that the regular exams will be taken online during the regular class meeting time, and the final exam will be held during the official final exam time for the class. You will have to take those exams at that time.

About Myself

I grew up in Denver, Colorado and am a proud graduate of Iver C. Ranum High School. Unfortunately, my high school no longer exists, for after I graduated, the Colorado State Department of Education shut it down because the standardized test scores of its students indicated that the school was academically ineffective. (Hmm, that might explain a lot.)

I received my Bachelor of Science in Accounting at the University of Denver in 1983. I was a very bookish, nerdy type of student – you know, the type you find in the library on a Friday evening – and decided to pursue a career where I would get paid to indulge my bookishness. I had taken a particular liking to economics, so I thought I'd take a shot at obtaining the credentials I would need to become an economics professor.

I stuck around a couple more years at the University of Denver to earn my Master of Arts in Economics degree in 1985 and then went on to earn my Ph.D. in Economics from the University of Michigan in 1990. I met my wife while at the U. of M., and it was love at first sight! Er, well, it least it was at my end. We got married the same year I received my doctorate, and she has managed to put up with me ever since. We have one son, who recently completed his undergraduate degree in computer science and statistics at the University of Auckland. (Fortunately, he inherited his brains from his mom.) He is now working as a forensic analyst for Deloitte in New Zealand. Speaking of New Zealand, I have legal permanent residency and a house there and live there whenever classes are not in session. Yes, I know, that's a mighty long commute!

After obtaining my doctorate, I worked as a visiting faculty member at Oakland University, located just outside of Detroit, while my wife was finishing-up her doctorate. My wife then took a job as a research scientist at Brookhaven National Laboratory on Long Island, so I followed her east, first as a visiting faculty member at Bucknell University in Pennsylvania and then as a tenure-track faculty member at Dowling College on Long Island, where I started working in 1994. The happiest years of my adult life were the years spent on Long Island. Our son grew up there, and I loved my job at Dowling. Sad to say, things came crashing down in June, 2016, when Dowling had to close its doors because it went broke. I then became an

academic refugee, and the Department of Economics here at William and Mary graciously offered me asylum as a visiting faculty member.

My all-time favorite intellectual is Friedrich Nietzsche, an existentialist philosopher who wrote his last book in 1888, just before he went insane. My favorite living intellectual is actually a three-way tie between Kathleen Higgins, a philosophy professor at the University of Texas, Julian Young, a philosophy professor at Wake Forest University, and David P. Levine, who wrote a great deal about economics in the past but now publishes in the area of psychology. My favorite food is Sichuan-style stir-fried tofu with vegetables. My favorite novel is *My Antonia* by Willa Cather. My favorite psychopath is Athena Walker, whom you can follow at <https://www.quora.com/profile/Athena-Walker>.

I enjoy reading about philosophy and history, whenever I find the opportunity to do so. I will be spending much of my time browsing books over in Swem Library, especially in the vicinity of the “B” call numbers. If you come across me there, please do not hesitate to stop and chat. I do not mind the distraction at all. Once we have a vaccine for Covid-19, I will also be spending much of my time at the Campus Recreation Center since, at my advanced age, I get achy bones if I do not work out regularly. In addition, I struggle with beer-belly issues, and nothing motivates trips to the gym quite like a beer-belly issue. You are more than welcome to join me on my workout circuit, provided you can resist the urge to laugh at the sight of me working out.

If, for some strange reason, you would like to know about the areas I have published in, just set your browser to <https://scholar.google.com/citations?user=l3AkrCQAAAAJ&hl=en>, and a link to my Google Scholar profile should appear. As you will see, I have been a dilatant in a small number of disparate fields in economics and thus am an expert at nothing. I pride myself, however, on being a connoisseur of beer, hence the beer-belly issues.

Text and Course Materials

I am so darn cheap that I like to save money even when it is not my own. Therefore, I sought out free online textbooks for the course. Each of them is a bit dated, having been published eight and twelve years ago; however, the concepts have not since changed. One of the textbooks is *Money and Banking* by Robert E. Wright, which is published by the Open Textbook Library and can be downloaded at <https://open.umn.edu/opentextbooks/textbooks/money-and-banking>. The other is *Modern Money Theory: A Primer on Macroeconomics for Sovereign Monetary Systems* by L. Randall Wray. This book is available as an ebook through Swem’s website. Just search under the title and it should show up in the list of search results.

Student Assessment and Grading

Students will be assessed on the basis of five regular examinations and a cumulative final examination. At the end of the semester, the following weighting system will be used to convert the student’s percentage exam scores into an overall weighted average exam score using the following weights:

Regular exams	75% weight (15% weight each)
Final exam	25% weight

As those of you who have had me in the past know, detailed study guides for the examinations will be distributed in advance of each exam. Practice problems galore and practice exams will be posted on the course Website to help you prepare for the exams also.

If your score on the final exam is higher than your lowest regular exam score, your score on the final exam will replace your lowest exam score. Please note that this can be done for only one regular exam score. See Course Outline and Reading Assignments for the dates of the exams.

At the end of the semester, your weighted average exam score will be calculated by applying the weights, listed above, to your scores on the exams. Your weighted average exam score will then be converted to a letter grade using the following scale: 93% and higher = A, 90%-92% = A-, 87%-89% = B+, 83%-86% = B, 80%-82% = B-, 77%-79% = C+, 73%-76% = C, 70%-72% = C-, 67%-69% = D+, 63%-66% = D, 60%-62% = D-, and 59% and below = F. This grade scale will be applied strictly to all students and no exceptions or special favors will be granted.

ADA Accommodation Statement

William & Mary accommodates students with disabilities in accordance with federal laws and university policy. Any student who feels s/he may need an accommodation based on the impact of a learning, psychiatric, physical, or chronic health diagnosis should contact Student Accessibility Services staff at 757-221-2512 or at sas@wm.edu to determine if accommodations are warranted and to obtain an official letter of accommodation. For more information, please see www.wm.edu/sas.

Missed Exam Policy

A student who misses a regular exam will receive a score of zero on it, and the student's score on the final exam would then replace the zero at the end of the semester. This accommodation will be made automatically in cases where a student misses only one exam. In extenuating and uncontrollable circumstances, such as severe illness requiring medical attention or participation in College-sanctioned events precluding a student from taking an exam, a student may be allowed to have her/his final exam score replace a second missed regular exam score of zero. In these cases, the student must present documented and credible evidence of such extenuating and uncontrollable circumstances. Also, in cases where a student misses one exam due to documented extenuating circumstances and misses no other exams, that student will still be entitled to have his/her final exam score replace the lowest score on the regular exams she/he took if the latter is lower than the former.

The final exam is cumulative and mandatory. Make-up final exams will be available only in extraordinary circumstances with documentation from the office of the Dean of Students.

Opportunities for Extra Credit Work

Hell no! If Student A outperforms Student B on the common set of assessments, i.e., the exams, Student A deserves to be recognized with a higher course grade than Student B. If Student B were allowed to do extra credit, then he/she may end-up with the same or even a higher course grade than Student A, which would not be fair to Student A. This is not going to happen in my class. Hell no!

Drop/Add Deadline

If you find that you simply cannot tolerate looking at my bald head and big nose, listening to my creaky, midwestern-accented voice, and being offended by my obnoxious personality, the deadline for drop/add is February 5. The deadline to withdraw from the course (which I sure hope you do not have to do) is March 29.

Policy on Student Cheating

Use of any unauthorized outside sources when completing graded work will be deemed a violation of the College's Honor Code, and cases where this happens will be referred to the Honor Council.

Policy on Policy Implementation

The only fair way to apply policies is to apply them strictly. If there were any wiggle room at all in the implementation of policies, then some students would end-up getting special sweetheart deals that other students do not get. This would not be fair. Policies in this course will be applied fairly. Beware of this.

Office and Office Hours

I will be in New Zealand until my departure on February 11, finally arriving back in Williamsburg on Friday, February 12. Since New Zealand is currently 18 hours ahead of Eastern Standard Time, I will have to schedule my office hours, which will be held on Zoom, in the evenings, Eastern Standard Time, while I am away. Through February 12, I will hold Zoom office hours from 7:00 – 8:30 p.m. Mondays and Thursdays. Starting the week of February 15, I will be able to hold office hours at more normal times, 10:00 – 11:00 a.m. and 1:00-2:30 p.m. Tuesdays and Thursdays. Since I am required to quarantine for one week after I return to the States, my office hours on February 16 and 18 will be held on Zoom. However, starting the following week, I should be able to hold my office hours in-person, since my office is large enough to maintain six feet of social distancing with three people in it. My office is 464 Tyler Hall, and I will be there during my office hours, starting the week of February 22. I will also be

available on Zoom during my regular office hours, too. If it turns out that this is not workable, I'll move my office hours entirely to Zoom later in the semester.

If you cannot see me during my regularly scheduled office hours, I will be glad to schedule an appointment with you at a different time. I prefer that students meet with me during my designated office hours, but it is not necessary that they limit themselves to these blocks of time. Normally, when I am in my office, even outside of office hours, I keep my office door open. I do that so that anyone so inclined can walk right on in and chat with me – no need to even knock. The exception to this practice is when I need to concentrate hard and think about something I am working on, in which case I keep my door closed. However, this does not happen very often, since I do not think very often.

If a student prefers not to meet with me in-person, we can schedule a Zoom session. The session does not have to be held during my regular office hours. Bear in mind, though, that I'm on the geezer sleep cycle and go to bed at 8:30, so I cannot Zoom late into the evening hours.

Health and Safety Behavior

It is of vital importance that we follow William & Mary's protocols for mask-wearing and physical distancing. If we become lax about this, which causes an outbreak of Covid-19 on campus, the university may well shut down again in the middle of the semester, like we last spring. You will then end-up right back in the clutches of your parents, who will be trolling you every waking hour as you take Zoom classes in your old bedroom. How would you like that?! Ok, so let's make sure that we wear a mask that covers both our nose and mouth at all times on those occasions when we are meeting in person. Let's also make sure to maintain six feet physical distancing at all times when meeting in-person, including when we are entering and exiting the classroom.

Tentative Course Schedule

<u>Week of</u>	<u>Topic(s) and Reading Assignment (in parentheses)</u>
Jan. 27	1. Introduction to the course. 2. Review of relevant concepts from ECON 102. (There are no assigned readings for this week.)
Jan. 31	1. Review of relevant concepts from ECON 102. (There are no assigned readings for this week.)
Feb. 7	1. Review of relevant concepts from ECON 102. 2. Overview of the financial system. (<i>Money and Banking, Chaps. 1 and 2.</i>)

Feb. 14 1. The traditional view of money. 2. Introduction to modern monetary theory and its view of money. (*Money and Banking*, Chap. 3; *Modern Money Theory: A Primer on Macroeconomics for Sovereign Monetary Systems*, Introduction.)

Feb. 21 1. Modern monetary theory on spending by issuer of sovereign currency. (*Modern Money Theory: A Primer on Macroeconomics for Sovereign Monetary Systems*, Chaps. 1 and 2.)

*The first regular exam will be held on Friday, February 26.

Feb. 28 1. Modern monetary theory on banking and central banking. (*Modern Money Theory: A Primer on Macroeconomics for Sovereign Monetary Systems*, Chap. 3.)

March 7 1. Modern monetary theory on fiscal policy. (*Modern Money Theory: A Primer on Macroeconomics for Sovereign Monetary Systems*, Chaps. 4 and 5.)

*The second exam will be held on Friday, March 12.

March 14 1. Interest rates. 2. The yield curve. (*Money and Banking*, Chaps. 5, 6 and 7.)

March 21 1. Bank asset and liability management. (*Money and Banking*, Chap. 8.)

*The third exam will be held on Friday, March 27.

March 28 1. The origins of financial crises. 2. The money multiplier. (*Money and Banking*, Chaps. 13 and 15.)

April 4 1. Monetary policy. (*Money and Banking*, Chap. 16.)

April 11 1. Monetary policy, continued. (*Money and Banking*, Chap. 17.)

*The fourth exam will be held on Wednesday, April 14.

April 18 1. More on the international ramifications of monetary policy. (Assigned reading: *Money and Banking*, Chap. 18.)

April 25 1. More on the international ramifications of monetary policy. (Assigned reading: *Money and Banking*, Chap. 19.)

*The fifth exam will be held on Wednesday, April 28.

May 2 1. Catch-up week. (Assigned reading: None.)

*The final exam will be held from 2:00– 5:00 p.m. on Tuesday, May 11.

Professor Greer reserves the right to make minor changes to this syllabus, including changing exam dates (other than the final exam date, which cannot be changed), should the need to do so arise. All such changes will be announced in advance.