

# Course Syllabus

**Course title:** Money and Banking (50:220:301) Canvas Online Course

**Prerequisites:** Principles of Macroeconomics and Microeconomics

**Day Time Place:** ONLINE (Tuesday, May 31 through Friday, June 24)

**Instructor:** Robert Vaden

Email: [rv257@camden.rutgers.edu](mailto:rv257@camden.rutgers.edu); phone: **856-582-9325**

**Catalog Description:** Theories of money and their applications; structure and historical development of U.S. monetary and banking institutions; current problems of money management.

## Course Overview

The course will cover the role of money and the financial system in a modern economy. Significant time will be spent on the role of the Federal Reserve and monetary policy. *There will be a heavy emphasis on relating the course material to current events and the role and actions taken by the Federal Reserve Board in its conduct of monetary policy.*

The nation's economy at this time is dealing with high inflation. However, unemployment is low and growth has been solid

We will discuss the role and functions of money in a modern economy, the financial system in some detail, and how failures of the financial system can lead to a recession, such as the Great Recession over the 2007-2009 period or the Great Depression of the 1930's.

The role of money and monetary policy in a modern economy will be covered, together with some of the issues related to the adaptation of modern technologies to the financial system.

The economy, for quite a while now, has been driven by the pandemic, as some regions and some industries have been impacted more than others. High inflation at the current time is the subject of much of the nation's economic news.

The nation's economic future depends heavily on inflation and how effective the government is in managing inflation going forward. If the Federal Reserve can manage inflation effectively, the economic outlook is quite bright; otherwise, there is cause for serious concern.

This course is very timely because many of the topics we will cover, such as interest rates, employment and unemployment, the Federal Reserve and monetary policy, together with fiscal policy will be critical in the months ahead. The primary economic challenge the nation is now facing, as mentioned is high inflation. However, a current, immediate problem facing the country is the need to raise the federal debt ceiling so the nation can continue to pay the nation's bills. This is both an economic and political issue demanding immediate attention.

The goal of monetary policy is to achieve full employment and price level stability. In this course, we will study, in detail, the Federal Reserve and the policies it has developed and implemented in order to attain its economic goals.

Issues related to inflation and deflation, exchange rates, interest rates, and issue related to the national debt, and financing the nation's national debt will also be covered.

## Course Resources

**Required Texts:** **Naked Money, A Revealing Look and at Our Financial System**, By Charles Wheelan, W.W. Norton and Company.

This is the text. It is very **highly recommended** and very affordable (approximately \$20.00 in paperback). The book is not a textbook but a book for the general population. However, the book does an extremely good job of explaining many of the key topics we will cover such as central banking, interest rates, exchanges rates, the gold standard, inflation and deflation, etc. In addition, the author has a sense of humor, something not found in all textbooks.

**Other Readings:** Other readings will be assigned over the course of the semester. For example, portions of the **Financial Crisis Inquiry Commission** may be assigned if time permits or as an "optional" assignment. There is a wealth of information that we will use from the Federal Reserve as our limited time permits.

**Federal Reserve Bank of Philadelphia:** The Federal Reserve Bank of Philadelphia is a very good source for information related to this course. A good exhibit, "Money in Motion," is interactive and has much information that is useful for a money and banking course. The exhibition is free, open to the public, highly recommended, and easily accessible from the Rutgers (Camden) campus.

## Course Objectives

- Introduce the student to the role of money, the financial system, interest rates, and the central bank in a modern economy.
- Make sure the students understand the difference between a commodity backed monetary system and a fiat monetary system. Understand the serious limitations of a commodity backed monetary system such as the gold standard.
- Improve the student's knowledge of the American financial system and its evolution, its recent performance, and the challenges it faces.
- Provide the student with an understanding of the "Great Depression", its causes, and the impact that it has had on the American financial system and economy to this day.
- Give the student a good understanding of the causes and impact of the 2007-2009 recession and the role of the financial system in both the downturn and the subsequent recovery.
- Make the student aware of the role of the Federal Reserve, its organization structure, its economic role and political challenges, the tools of monetary policy and its performance over the last several years.

- Make the student aware of the availability and sources of key official economic data, such as the money supply, inflation, unemployment, consumer and mortgage debt outstanding, etc. Also, educate the student about the limitations and appropriate use of key economic statistics.

## Course Format

The weekly course outline provided in the course syllabus is very general and is only intended to provide an overview of the course and what will be covered in each week. **The course is a four-week course.** For each week, assignments will be provided for that week. Ideally, the assignments will be completed that week but, realistically, assignments will spill over into the weekend, with a final due date of Sunday night. ***The weekly module, with each day's activities, will generally become available to students on Monday morning of each week, and remain open for the remainder of the semester.***

There will be occasional links to outside websites that provide additional information on the topics of that week. For example, website links will be provided to sites for topics such as “the shadow banking system” and to minutes of the recent meetings of the Federal Reserve’s Federal Open Market Committee (FOMC). The instructor may also provide supplemental information, as appropriate, on select topics that are important but not covered in a convenient way in the texts. **Note: *In assigning outside readings, the instructor will be very aware of the heavy work requirements of a summer course such as this.***

## GRADES

There will be a mid-term after the first two weeks, and a final exam at the end of the semester.

In addition, there will be roughly 7 to 9 online exercises that will take the form of multiple-choice questions, definitions, or brief essay or discussion questions. The average grade of the class exercises will be calculated and the result will count as one exam. *In calculating your grade for the exercises, the lowest two (2) exercise grades will be dropped. For example, if we have 7 weekly class exercises, I will use the five highest grades in calculating your average. If you miss an exercise, there will be no make-up. It will count as a drop.*

**IMPORTANT:** Note that, as the semester progresses, any test or exercise questions may be taken from any material covered to date. **In other words, all exercises and exams are cumulative.**

***Your class grade will be calculated as the average of the mid-term exam, the final exam, and the class exercises.***

Final grades will be assigned as follows: 90+=A; 84-89=B+; 78-83=B; 72-77=C+; 66-71=C; 60-65=D; 59 or less= F

**Office Hours:** Arrangements may be easily made for a personal meeting, if interested, by telephone. Also, the student should feel free to contact me with any questions regarding the course. A phone number is provided in the course syllabus.

## Weekly Course Outline: Tuesday, May 30 through Friday, June 23

The topics to be covered are listed below. Topics and dates are subject to change as the semester progresses.

Week	Topics
<p><b>Week 1</b> (of 4) May 30 through June 4</p> <p><b>Overview:</b> The first week is dedicated to an overview of the course, and covers the topics listed to the right.</p>	<p>Overview of Money and Banking Money: what is money, functions of money, history of money, etc. Commodity Money, Fiat Money, and the Gold Standard Fractional Reserve Banking Overview of the Financial System Purpose Composition Laws and Regulation Consequences of a failure</p>
<p><b>Week 2</b> (of 4) June 5 through June 11</p> <p><b>Overview:</b> The first weekly topic is inflation and deflation, an <b>extremely</b> important topic at present, for reasons we will discuss.</p> <p>The second topic is interest rates, also a key topic. Interest rates are the costs of borrowing money. Interest rates play a key role in a market economy and are a key variable in conducting monetary policy.</p> <p><b>EXAMINATION 1</b></p>	<p>Inflation and Deflation (Very Detailed)</p> <p>Interest Rates (begin)</p> <p>Nominal versus real Types Determinants of interest rates <b>Federal funds rate</b> (Key variable in monetary policy)</p> <p>Nominal versus real, etc.</p>
<p><b>Week 3</b> (of 4) June 12 through June 18</p> <p><b>Overview:</b> The Federal Reserve, which is responsible for monetary policy, plays a vital role in today's economy.</p> <p>For a long time now, the US economy has become an increasingly global economy. This issue is explored.</p>	<p>The Federal Reserve is the nation's central bank. As such, it plays an extremely important role in the nation's economic performance. Consequently, we will devote considerable time and resources to the Federal Reserve and the role it plays in the nation's economy. Think of Week 3 as "Federal Reserve Week."</p>
<p><b>Week 4</b> (of 4) June 20 through June 24</p> <p><b>Examination 2</b></p>	<p>How banks create money The federal budget crisis (Brief overview) The United States Economy (in brief)</p> <p><b>Final exam: Dates to be announced</b></p>

## Other University or Course Policies:

**Academic Violations:** There is a policy of zero tolerance for violations of standards of academic conduct. Please refer to the following document on Rutgers Academic Integrity Policy:  
<https://fas.camden.rutgers.edu/faculty/faculty-resources/academic-integrity-policy/>

**Disability Statement:** Rutgers University welcomes students with disabilities into all of the University's educational programs. In order to receive consideration for reasonable accommodations, a student with a disability must contact the appropriate disability services office at the campus where you are officially enrolled, participate in an intake interview, and provide documentation:  
<https://ods.rutgers.edu/students/documentation-guidelines>.

If the documentation supports your request for reasonable accommodations, your campus's disability services office will provide you with a Letter of Accommodations. Please share this letter with your instructors and discuss the accommodations with them as early in your courses as possible. To begin this process, please complete the Registration form on the ODS web site at:  
<https://ods.rutgers.edu/students/registration-form>.

This course is open to all students who meet the academic requirements for participation. Any student who has a need for accommodation based on the impact of a disability should contact the instructor privately to discuss the specific situation as soon as possible. Contact Disability Resources and Services. Information about requesting accommodations can be found at:  
[http://campuscenter.camden.rutgers.edu/disabled\\_services.html](http://campuscenter.camden.rutgers.edu/disabled_services.html).

### **Support/assistance for students with disabilities:**

The Career Center provides career development and employment services for students with disabilities. These resources include:

- Individual assistance with a career professional
- Interviewing and resume writing assistance
- Recruitment events for full time employment and internships
- Information related to the Americans with Disabilities Act as it relates to employment
- Links to sites serving individuals with disabilities

For success in securing employment related to your major/career goal, check out the following resources for college students and recent graduates, including students with disabilities, offered by the federal government, the state of New Jersey, professional associations and businesses, in addition to the Rutgers-Camden Career Center. <https://cc.camden.rutgers.edu/students-disabilities> (Links to an external site.)