Econ 335 / Money and Banking

Spring 2020 Syllabus
Revised and updated on 3/22/2020

Contact Information:

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Course Description:
This course is an introduction to the economics of money and banking. We will focus on the microeconomic and macroeconomic aspects of money and banking. We will develop the principles for understanding money creation, interest rates, inflation, the workings of financial markets and financial intermediaries, bank runs and financial crisis, and banking regulations.

Textbooks:

Grading:
This course has no final.
Your grade will be determined by 2 exams and 8 homework assignments.
The maximum number of points in the course is 400.
- Exam 1: Up to 130 points.
- Exam 2: Up to 130 points.
- HW: Up to 140 points.
There will be 8 HW assignments with up to 20 points each. The worst grade in the homework assignments will NOT be used to compute the final grade (use best 7 assignments).

Homework:
Due at 3PM on selected Fridays. Homework will be available on Monday the week they are due.
Please submit your homework electronically using MyCanvas.
Exams:
1) Wednesday March 4th at 4PM, at L002 Seigle Hall
2) Wednesday April 22nd – time and format to be determined. More details soon.

Course content and calendar:

   IMF: Markets: Exchange or Over-the-Counter

   Christensen: “Treasury Bond Yields and Long-Run Inflation Expectations”

January 20: MLK DAY (classes do not meet)

January 22: “The Risk and Term Structure of Interest Rates,” MK: Chapter 6
   Neely: “The Mysterious Greek Yield Curve”

January 27: “What is Money?” MK: Chapter 3. CFH: Chapter 1
   Lucas: "What Economists do"

January 29: “Money in OLG” CFH: Chapter 1

February 3: “More Money in OLG” CFH: Chapter 1

February 5: “Exercises in CFH Chapter 1”

February 10: “Inflation in OLG” CFH: Chapter 3

   Koech: “Hyperinflation in Zimbabwe”

February 17: “Price Surprises” CFH: Chapter 5

February 19: “Exercises on CFH”

   Ennis and Wolman: “Excess Reserves and the New Challenges for Monetary Policy”

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1 Calendar may be subject to changes and modifications without prior notice. I will update the latest version to mycanvas.
February 26:  “An Economic Analysis of Financial Structure,” MK: Chapters 8, 9
Gorton–Winton: Financial Intermediation
(the content of this class does not enter in the first exam, but does in the second)

March 2:  REVIEW SESSION

March 4:  FIRST EXAM

March 9:  Spring break (classes do not meet)

March 11:  Spring break (classes do not meet)

March 16:  classes do not meet

March 18:  classes do not meet

Richardson et. Al. “Stock Market Crash of 1929”

March 25:  “Financial Crises,” MK: Chapter 12
Lucas and Stokey: “Liquidity Crises”

Wheelock: “Too Big To Fail: The Pros and Cons of Breaking Up Big Banks”
Wilcox: “Economies of Scale and Continuing Consolidation of Credit Unions”
James: “Mortgage–Backed Securities: How Important Is “Skin in the Game”?”

April 1:  “Liquidity and Intermediation,” CFH: Chapter 7

April 6:  “Economic Analysis of Financial Regulation,” MK: Chapter 9 and 10
San Francisco Fed: What is being done to prevent another financial crisis?
Courtois and Ennis: Is There Stigma associated with Discount Window Borrowing?

April 8:  “Bank Risk: Bank Runs,” CFH: Chapter 12

April 13:  “Bank Risk: Bank Failures” and Exercises, CFH: Chapter 12
April 15:  “Financial Development and Economic Development”
Shin: "Financial Markets: An Engine for Economic Growth"
Greenwood, Sanchez, Wang: “Quantifying the impact of financial development on economic development”

April 20:  REVIEW SESSION

April 22:  Second Exam

Grades:

A+  390 or more
A   370-390
A-  330-370
B+  270-330
B   230-270
B-  200-230
C+  170-200
C   130-170
C-  100-130  (lowest passing grade)

Academic integrity: You are held to the standards of academic integrity established by Washington University and your individual college. In particular, evidence of cheating on an exam will result, initially, in a failing grade on the exam, and immediate academic disciplinary action. If you ever feel that these standards of academic integrity are not being met, please notify me or an undergraduate advisor immediately. If you are uncertain about the policy on academic integrity at Washington University, refer to your undergraduate advisor, to the university’s Student Judicial Procedures, or to your school’s statement of student academic integrity. (For ArtSci students, the latter is published each semester in the Course Listings booklet https://wustl.edu/about/compliance-policies/).