

SEMESTER AT SEA COURSE SYLLABUS
Colorado State University, Academic Partner

Voyage:	Spring 2018
Discipline:	Economics
Course Number and Title:	Econ 315: Money and Banking
Division:	Upper
Faculty Name:	Dr. Mark Ellyne
Semester Credit Hours:	3

Prerequisites: One (1) principles of macroeconomics course

COURSE DESCRIPTION

Money and the banking system command a special role in any economy. This course provides students with an overview of the nature of financial institutions and markets in the United States, with particular emphasis on the operation of the banking system and its role in the economy, including the central bank. The course also provides the basics of monetary theory and monetary policy. Students will learn about the nature of money and the determination of interest rates. They then learn how the central bank manages the money supply and interest rates to achieve its economic objectives for inflation and growth. Finally we look at the global financial crisis and learn about new, nonconventional monetary management.

LEARNING OBJECTIVES

By the end of the course you should be able to:

- Identify the different functions of money and how money is related to interest rates;
- Understand how interest rates are determined, as well as the associated risk and term structures of interest rates;
- Illustrate the importance of financial markets and financial institutions in the economy, with an emphasis on the operations of depository institutions;
- Explain the determinants of a country's money supply;
- Recognize the tools of monetary policy and the role of central banks in the conduct of monetary policy.
- Apply principles, theories and models to critically analyze and explain economic situations that involve money and financial markets and institutions,
- Discuss the global financial crisis and the actions undertaken by central banks in the development and implementation of monetary policies.

REQUIRED TEXTBOOKS

AUTHOR:	R. Glenn Hubbard and Anthony O'Brien
TITLE:	Money, Banking and the Financial System
PUBLISHER:	Pearson
ISBN #:	9780132994910 / 0132994917
DATE/EDITION:	2013

TOPICAL OUTLINE OF COURSE

There will be 25 class sessions identified below. Sessions will cover the reading identified in the course text of Hubbard and O'Brien (Hubbard) and may be complimented by additional material supplied by the professor. Students are responsible for all material presented by the Professor—not simply the textbook.

Depart Ensenada, Mexico — January 5

A1—January 7:

Introducing Money and the financial system
Chapter 1 Hubbard

A2—January 9:

Money and the payments system
Chapter 2 Hubbard

A3—January 11:

Interest rates
Chapter 3 Hubbard
Assignment 1

Honolulu, Hawaii — January 12

A4—January 14:

Determining interest rates
Chapter 4 Hubbard

January 16—International Date Line crossing (Lost Day)

A5—January 17:

Risk and Term Structure of Interest Rates
Chapter 5 Hubbard
Quiz

No Class — January 19

A6—January 20:

Review Interest rates and initiate Money Project
Money Project Paper

A7—January 22:

Test 1: Chapters 1-5

Kobe, Japan — January 24-28

A8—January 29:
Foreign exchange
Chapter 8 - Hubbard

Shanghai, China — January 31 - February 1
In-Transit — February 2-3
Hong Kong, SAR — February 4-5

A9—February 6:
Information and Financial Market Efficiency
Chapter 6

Ho Chi Minh City, Vietnam — February 8-13

A10—February 14:
Transactions Costs and Asymmetric Information
Chapter 9 - Hubbard

No Class —February 16

A11—February 17:
Economics of Banking
Chapter 10 - Hubbard

Yangon, Myanmar — February 19-23

A12—February 24:
Financial Crises and Financial Regulation
Chapter 12 - Hubbard

A13— February 26:
The Federal Reserve and Central Banking
Chapter 13 - Hubbard

Cochin, India — February 28 - March 5

A14—March 6:
Federal Reserve 's Balance Sheet and Money Supply Process
Chapter 14 - Hubbard

No Class — March 7

A15—March 9:
Test 2

Port Louis, Mauritius — March 11

A16—March 12:

Monetary Policy I

Chapter 15 – Hubbard

A17—March 14:

Monetary Policy II

Chapter 15 – Hubbard

A18—March 16:

The International Financial System and Monetary Policy

Chapter 16 – Hubbard

Cape Town, South Africa – March 18-23

A19—March 24:

The International Financial System and Monetary Policy

Chapter 16 – Hubbard

A20—March 26:

Monetary Theory I

Chapter 17 – Hubbard

A21—March 28:

Monetary Theory II

Chapter 18 – Hubbard

Tema, Ghana – March 30 - April 1

Takoradi, Ghana – April 2-3

A22—April 4:

The Zimbabwe Hyperinflation

Ellyne, Mark (2016). Zimbabwe Monetary Policy, 1998-2012: From Hyperinflation to Dollarization.

Readings on intranet

A23—April 6:

The Zimbabwe Dollarization

Ellyne, Mark (2016). Zimbabwe Monetary Policy, 1998-2012: From Hyperinflation to Dollarization.

Readings on intranet

Study Day – April 8

A24— April 9:

Review for Exam

Casablanca, Morocco – April 11-14

A25–April 15: Final Exam

Arrive Bremerhaven, Germany – April 19

FIELD WORK

Semester at Sea field experiences allow for an unparalleled opportunity to compare, contrast, and synthesize the different cultures and countries encountered over the course of the voyage. In addition to the Field Class Project, students will complete independent field assignments that span multiple countries.

Field Class attendance is mandatory for all students enrolled in this course. Do not book individual travel plans or a Semester at Sea sponsored trip on the day of your field class. Field Classes constitute at least 20% of the contact hours for each course, and are developed and led by the instructor.

Field Class & Assignment

The Field Class for this course will take place on *Thursday, January 25, in Kobe, Japan.*

Field Class Title – Peculiarities of Japanese Monetary Policy

The Field Class Project for this course will be on Japan: to study the current monetary policy of the government, which has been characterized as *Abenomics*.

Most students do not fully understand the post-global financial crisis (GFC) monetary policy of quantitative easing (QE) and what its purpose is. Japan, which had already suffered about a decade of deflationary forces before the GFC, provides a fascinating example of the role of deflationary forces and the policies used to combat them.

Student will visit Kobe University and a financial institution, and talk with several Japanese financial experts to be briefed on recent economic policy and how this has differed from past policies.

Student are expected to write a paper of 1500-2500 words describing the deflation experienced by the Japanese economy and its recent policies monetary to eliminate them. Papers should include graphs and data to support the policy explanation. They should also evaluate whether this is a particularly Japanese situation or if it might apply to other countries.

Independent Field Assignments – Banknote Project

The field assignment will focus on learning about the currency and exchange rate in each country. In each country, students will identify all denomination banknotes and take some photographs for their records.

First they will compare each size note to the average daily income based on GDP per capita as well as consider the value ratios of the various notes. From this analysis, students should draw conclusions on the common size of bank notes in circulation.

Second, students should record the typical buy-sell spread (and commissions) for foreign exchange transactions at a *bureau de change*. They will compare the spreads to see if they can reach any conclusions relating to the level of economic development (GDP per capita in US dollars) and the liberalization of the financial sector in each country.

Students should write a short paper of up to 1200 words to describe their results including any other observations on the value, size and other characteristics of country banknotes.

Students may work in groups of 3-4 on this assignment but must turn in individual assignments. Assignments will be marked as: Fair (65), Good (80), and Excellent (90).

EVALUATION AND GRADING

Course Evaluation

There will be two midterm exams and a final exam that represent half the credit for the course. The exams may be a mixture of short answers, essays and multiple choice questions. There will be combination of 6 homework assignments or quizzes, of which the best 5 will be counted for 20% of the grade (each one worth 4%). The specific dates will be announced at the beginning of the course. The Field Class Project and the field assignment on money will count for the remaining 30% of the grade. Student must attend all classes; although 1 absence will be tolerated.

Course Evaluation	Percentage
2 Mid-term Exams @ 15%	30%
Final exam	20%
5 Homeworks or quizzes (4% each)	20%
Field Project (Japan)	20%
Banknote Assignment	10%
Total	100%

Grading Scale

The grading scale below will be used, with numerical scores. Pass/Fail is not an option for Semester at Sea coursework. Note that C-, D+ and D- grades are also not assigned on Semester at Sea in accordance with the grading system at Colorado State University (the SAS partner institution).

Pluses and minuses are awarded as follows on a 100% scale:

<u>Excellent</u>	<u>Good</u>	<u>Satisfactory/Poor</u>	<u>Failing</u>
97-100%: A+	87-89%: B+	77-79%: C+	Less than 60%:
93-96%: A	83-86%: B	70-76%: C	
90-92%: A-	80-82%: B-	60-69%: D	

ATTENDANCE/ENGAGEMENT IN THE ACADEMIC PROGRAM

Attendance in all Semester at Sea classes, including the Field Class, is mandatory. Students must inform their instructors prior to any unanticipated absence and take the initiative to make up missed work in a timely fashion. Instructors will make reasonable efforts to enable students to make up work which must be accomplished under the instructor's supervision (e.g., examinations, laboratories). In the event of a conflict regarding this policy, individuals may appeal using established CSU procedures.

LEARNING ACCOMMODATIONS

Semester at Sea provides academic accommodations for students with diagnosed learning disabilities, in accordance with ADA guidelines. Students who will need accommodations in a class, should contact ISE to discuss their individual needs. Any accommodation must be discussed in a timely manner prior to implementation.

A letter from the student's home institution verifying the accommodations received on their home campus (dated within the last three years) is required before any accommodation is provided on the ship. Students must submit this verification of accommodations to academic@isevoyages.org as soon as possible, but no later than two months prior to the voyage.

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STUDENT CONDUCT CODE

The foundation of a university is truth and knowledge, each of which relies in a fundamental manner upon academic integrity and is diminished significantly by academic misconduct. Academic integrity is conceptualized as doing and taking credit for one's own work. A pervasive attitude promoting academic integrity enhances the sense of community and adds

value to the educational process. All within the University are affected by the cooperative commitment to academic integrity. All Semester at Sea courses must adhere to this Academic Integrity Policy and Student Conduct Code.

Depending on the nature of the assignment or exam, the faculty member may require a written declaration of the following honor pledge: "I have not given, received, or used any unauthorized assistance on this exam/assignment."

RESERVE BOOKS AND FILMS FOR THE LIBRARY

AUTHOR: R. Glenn Hubbard and Anthony O'Brien

TITLE: Money, Banking and the Financial System

PUBLISHER: Pearson

ISBN #:

DATE/EDITION: International Edition

AUTHOR: Niall Fergusson

TITLE: The Ascent of Money: A Financial History of the World

PUBLISHER: Penguin Press

ISBN-13 #: 978-0143116172

DATE/EDITION: 2008

AUTHOR: Dabid Graeber

TITLE: Debt The First 5000 Years

PUBLISHER: Melville House Publishing

ISBN-13 #: 978-1-933633-86-2

DATE/EDITION: 2011

AUTHOR: Harford, Tim

TITLE: The Undercover Economist Strikes Back: How to Run—or Ruin—an Economy

PUBLISHER: Riverhead Books

ISBN #: 978-1594632914

DATE/EDITION: Reprint edition; January 6, 2015

AUTHOR: Bernake, Ben S.

TITLE: The Courage to Act: A Memoir of a Crisis and Its Aftermath

PUBLISHER: W. W. Norton & Company

ISBN #: 978-0393247213

DATE/EDITION: 1 edition; October 5, 2015

DOCUMENTARY: Inside Job

DIRECTOR: Charles H. Ferguson

DATE: 2010

FILM: The Big Short

DIRECTOR: Adam McKay

DATE: 2015

DOCUMENTARY: Money For Nothing: Inside the Federal Reserve

DIRECTOR: Jim Bruce

DATE: 2016

DOCUMENTARY: The Ascent of Money

DIRECTOR: Jim Bruce

DATE: 2016

DOCUMENTARY: The Bernacke Lectures

DIRECTOR: Federal Reserve

URL: <https://www.federalreserve.gov/aboutthefed/educational-tools/lecture-series-federal-reserve-response-to-the-financial-crisis.htm>

DATE: 2012

ADDITIONAL RESOURCES

Additional articles for class and background reading may be provided by the instructor on the ship's intranet.