

Course Information

Date Submitted: 3/26/2016

Current Prefix and Number: ECO - Economics , ECO 412 MONETARY ECONOMICS

Other Course:

Proposed Prefix and Number: ECO 312

What type of change is being proposed?

Major Change

Should this course be a UK Core Course? No

1. General Information

a. Submitted by the College of: BUSINESS AND ECONOMICS

b. Department/Division: B&E Economics

c. Is there a change in 'ownership' of the course? No

If YES, what college/department will offer the course instead: Select...

e. Contact Person

Name: Gail Hoyt

Email: ghoyt@uky.edu

Phone: 859-257-2517

Responsible Faculty ID (if different from Contact)

Name:

Email:

Phone:

f. Requested Effective Date

Semester Following Approval: Yes OR Effective Semester:

2. Designation and Description of Proposed Course

a. Current Distance Learning (DL) Status: N/A

b. Full Title: MONETARY ECONOMICS

Proposed Title: Monetary Economics

c. Current Transcript Title: MONETARY ECONOMICS

Proposed Transcript Title: Monetary Economics

d. Current Cross-listing: none

Proposed – ADD Cross-listing :

Proposed – REMOVE Cross-listing:

e. Current Meeting Patterns

LECTURE: 3 hours per week

Proposed Meeting Patterns

LECTURE: 3 hours per week

f. Current Grading System: ABC Letter Grade Scale

Proposed Grading System: *Letter (A, B, C, etc.)*

g. Current number of credit hours: 3

Proposed number of credit hours: 3

h. Currently, is this course repeatable for additional credit? No

Proposed to be repeatable for additional credit? No

If Yes: Maximum number of credit hours:

If Yes: Will this course allow multiple registrations during the same semester? No

2i. Current Course Description for Bulletin: A detailed discussion of the financial sector of basic static macroeconomic models, including the views of both the monetarist and new-Keynesian schools. Institutional aspects of the financial system are discussed. The course stresses problems of economic stabilization.

Proposed Course Description for Bulletin: This course analyzes how savers and borrowers meet in financial markets to allocate resources to their most productive uses. Major topics include the theory of pricing of financial assets, equilibrium determination of asset prices, risk and term structures of interest rates, how moral hazard and adverse selection inhibit credit allocation, fundamentals of commercial banking, and central bank policies.

2j. Current Prerequisites, if any: ECO 202 or equivalent.

Proposed Prerequisites, if any: ECO 201 and ECO 202 or equivalent.

2k. Current Supplementary Teaching Component:

Proposed Supplementary Teaching Component:

3. Currently, is this course taught off campus? No

Proposed to be taught off campus? No

If YES, enter the off campus address:

4. Are significant changes in content/student learning outcomes of the course being proposed? No

If YES, explain and offer brief rationale:

5a. Are there other depts. and/or pgms that could be affected by the proposed change? No

If YES, identify the depts. and/or pgms:

5b. Will modifying this course result in a new requirement of ANY program? No

If YES, list the program(s) here:

6. Check box if changed to 400G or 500: No

Distance Learning Form

Instructor Name:

Instructor Email:

Internet/Web-based: No

Interactive Video: No

Hybrid: No

1. How does this course provide for timely and appropriate interaction between students and faculty and among students? Does the course syllabus conform to University Senate Syllabus Guidelines, specifically the Distance Learning Considerations?

2. How do you ensure that the experience for a DL student is comparable to that of a classroom-based student's experience? Aspects to explore: textbooks, course goals, assessment of student learning outcomes, etc.

3. How is the integrity of student work ensured? Please speak to aspects such as password-protected course portals, proctors for exams at interactive video sites; academic offense policy; etc.

4. Will offering this course via DL result in at least 25% or at least 50% (based on total credit hours required for completion) of a degree program being offered via any form of DL, as defined above?

If yes, which percentage, and which program(s)?

5. How are students taking the course via DL assured of equivalent access to student services, similar to that of a student taking the class in a traditional classroom setting?

6. How do course requirements ensure that students make appropriate use of learning resources?

7. Please explain specifically how access is provided to laboratories, facilities, and equipment appropriate to the course or program.

8. How are students informed of procedures for resolving technical complaints? Does the syllabus list the entities available to offer technical help with the delivery and/or receipt of the course, such as the Information Technology Customer Service Center (<http://www.uky.edu/UKIT/>)?

9. Will the course be delivered via services available through the Distance Learning Program (DLP) and the Academic Technology Group (ATL)? NO

If no, explain how student enrolled in DL courses are able to use the technology employed, as well as how students will be provided with assistance in using said technology.

10. Does the syllabus contain all the required components? NO

11. I, the instructor of record, have read and understood all of the university-level statements regarding DL.

Instructor Name:

Department of Economics 2016 Overview of Proposed Curriculum Changes

1. We propose that the department renumber 400 level courses to the 300 level as they do not have ECO401 or ECO402 as a prerequisite.

- ECO 311 Business Economics (formerly ECO 411)
- ECO 312 Monetary Economics (formerly ECO 412) Finance majors no longer required to take.
- ECO 365 Social Economic Organization (formerly ECO 465G Comparative Economic Systems)
- ECO 367 American Economic History (formerly ECO 467)

2. We propose to modify the description of ECO370 so that majors in A&S Economics, Business Economics, and Mathematical Economics are allowed to take the course, but FLIE majors may not.

3. We propose that the prerequisites for ECO391 be modified to include STA296 OR STA381 or the equivalent.

4. We propose that the department create new 300 level courses to service non-majors, minors, and majors.

- ECO 301 Economic Price Theory: (non-majors only)
- ECO 381 Environmental Economics
- ECO 385 Health Economics
- ECO 387 Law and Economics
- ECO 393 Sports Economics

NEW FULL SELECTION OF COURSES BY LEVEL

NEW COURSES:

ECO 301 ECONOMIC PRICE THEORY
ECO 381 ENVIRONMENTAL ECONOMICS
ECO 385 HEALTH ECONOMICS
ECO 387 LAW AND ECONOMICS
ECO 393 THE ECONOMICS OF SPORTS

RENUMBERED COURSES (400 TO 300 LEVEL)

ECO 311 BUSINESS ECONOMICS
ECO 312 MONETARY ECONOMICS
ECO 365 SOCIAL ECONOMIC ORGANIZATION
ECO 367 AMERICAN ECONOMIC HISTORY

OTHER MINOR REVISIONS

ECO 370 THE GLOBAL ECONOMY
ECO 391 ECONOMIC AND BUSINESS STATISTICS

OTHER EXISTING COURSES IN ECONOMICS – WITH NO MODIFICATIONS

ECO 327 STRATEGIC DECISION MAKING: AN INTRODUCTION TO GAME THEORY
ECO 379 THE ECONOMICS OF PUBLIC POLICY, LAW, AND GOVERNMENT
ECO 395 INDIVIDUAL WORK IN ECONOMICS
ECO 401 INTERMEDIATE MICROECONOMIC THEORY
ECO 402 INTERMEDIATE MACROECONOMIC THEORY
ECO 410 CURRENT ISSUES IN ECONOMICS (Subtitle required)
ECO 450G THE ECONOMICS OF POVERTY AND WELFARE PROGRAMS
ECO 461 MARKET STRUCTURE AND ANTI-TRUST POLICY
ECO 471 INTERNATIONAL TRADE
ECO 472 INTERNATIONAL MONETARY ECONOMICS
ECO 473G ECONOMIC DEVELOPMENT
ECO 477 LABOR ECONOMICS
ECO 479 PUBLIC ECONOMICS

**ECO 491G APPLIED ECONOMETRICS
ECO 499 SEMINAR IN ECONOMICS**

5. We propose the following changes to the upper level economics course requirement for each type of major:

Minor Requirements (This would remain unchanged.)

- ECO201
- ECO202
- ECO401 OR ECO402
- 9 hours ECO 300 level or higher

All types of ECO Majors Require: (This would remain unchanged.)

- ECO201
- ECO202
- ECO391
- ECO401
- ECO402

Type of Major	Current	Proposed
Mathematical Economics	300+ level ECO courses 9 hours	ECO491 6 hours of ECO elective courses at the 300 level or higher with at least 3 hours at the 400 level
Foreign Language and International Economics NO CHANGE	ECO300+ Any 300+ level ECO course 3 hours Two of the following ECO471 ECO472 ECO473G	ECO300+ Any 300+ level ECO course 3 hours Two of the following ECO471 ECO472 ECO473G
B&E Economics	ECO499 12 hours ECO Electives (we don't specify level in bulletin) One upper level B&E elective (24 hours in the major)	ECO499 ECO Electives 12 hours – at least 6 hours must be at the 400 level DROP the One upper level B&E elective (21 hours in the major)
A&S Economics	ECO499 9-15 hours "300 level or higher" ECO	ECO499 9-15 hours of ECO electives at the 300 level or higher with at least 6 hours at the 400 level

ECO 312
Monetary Economics
Semester Year
Date and Time
Building and Room Number

Instructor: Dr. Fackler
Office Address: 245 Gatton College of Business and Economics
Email: eco134@uky.edu
Office Phone: 257-1234

Preferred way to reach instructor: Stopping in during office hours is preferable if you have specific questions and content and homework sets. Contacting me by email is fine if you need to let me know you will be absent or have general logistical questions.

Office hours: Monday and Wednesday 12:00 to 1:30 PM or by appointment.

Course Description: This course analyzes how savers and borrowers meet in financial markets to allocate resources to their most productive uses. Major topics include the theory of pricing of financial assets, equilibrium determination of asset prices, risk and term structures of interest rates, how moral hazard and adverse selection inhibit credit allocation, fundamentals of commercial banking, and central bank policies.

Prerequisites: ECO 201 and ECO 202 or equivalent

Student Learning
Outcomes:

Students will have the opportunity to learn to:

1. Demonstrate an ability to use present value tools to price financial assets.
2. Describe and analyze the relationship between short-term and long-term interest rates.
3. Describe how risk influences financial markets.
4. Identify and analyze central bank policies that attempt to guide financial markets to desirable economic outcomes.

Required Materials: Money, Banking and Financial Markets, McGraw-Hill, Fourth Edition, by Stephen G. Cecchetti and Kermit L. Schoenholtz

The Wall Street Journal for daily events as they relate to the course;
<http://www.wsj.com> If you still need a subscription, go to
<http://subscribe.wsj.com/semester>

Websites: Web blog by the authors: <http://www.moneyandbanking.com>

Text and Class: <http://connect.mheducation.com/class/j-fackler-monday-and-wednesday-200---315>

Central Banking Blog: Sign up for Grand Central at the Emails and Alerts tab on the homepage of the Wall Street Journal.

Federal Reserve: <http://www.federalreserve.gov>

Course Activities: This course is applied compared with many other economics courses. You will learn the fundamentals of how resources are allocated to productive uses in the economy. Much of this is descriptive, such as the various types of financial intermediaries and what each specializes in doing. As needed, theory is developed (such as (i) a detailed description of the bond market equilibrium using supply and demand curves or (ii) an analysis of how yields on bonds with different risk characteristics or maturities are related) but always with the goal of showing how such theory is directly applied to “real world” situations.

Course Assignments: 3 Exams at 100 points each (75 % of grade in course)
5 Quizzes at 20 points each (25% of grade in course)

Summary Description of Course Assignments:

Each exam covers approximately one-third of the course. Two quizzes are given prior to exam 1, and another two prior to exam 2. The quizzes are to highlight the key material to be learned for the exams. Due to time limitations, only one quiz is given prior to exam 3. The exams are not, formally, cumulative though the material in the course builds throughout so that understanding material covered on exam 1 will aid learning through exam 3.

Course Calendar and Announcements:

The course Canvas website will have important information on both the course calendar and the announcement section. The announcements will include the daily current events reading from the Wall Street Journal along with daily text readings and information regarding upcoming quizzes and exams.

Course Grading

The strictest the grading scale will be is: 90%-100% = A; 80%-89% = B; 70%-79% = C; 60%-69% = D; 0%-59% = E. The grading scale may be a bit more lenient at the discretion of the instructor. NOTE: Cheating will not be tolerated. Evidence of cheating will result in the assignment of a failing grade AND recommendation of a one-semester suspension from the University.

A total of 400 points will be offered. Three exams will be given, including the final exam. Each is worth 100 points. Also, five quizzes will be given, each worth 20 points. The course grade will be based on 300 points. OTHER THAN EXAM 3, the lowest attempt at 100 points (the score on exam 1, exam 2, or the quiz

scores) will be dropped from consideration in computation of the final grade. EXAM 3 IS REQUIRED AND WILL NOT BE DROPPED IN COMPUTING THE FINAL GRADE. Only quizzes and exams are taken into account in assigning the final course grade.

Final Exam
Information:

The final (third, non-comprehensive) exam will be given at the time, date and place as assigned by the University Registrar's office in the final exam schedule posted for the University.

Note: According to UK policy, any student with more than two final examinations scheduled on any one date shall be entitled to have the examination for the class with the highest catalog number rescheduled. In case this highest number is shared by more than one course, the one whose departmental prefix is first alphabetically will be rescheduled. Note that this policy applies only to final exams and not to midterm exams. The option to reschedule must be exercised in writing to the appropriate instructor two weeks prior to the scheduled examination.

Mid-term Grades:

Mid-term grades will be posted in myUK by the deadline established in the Academic Calendar maintained by the University Registrar. (<http://www.uky.edu/Registrar/AcademicCalendar.htm>)

Course Policies:

I. Makeup Policies

Midterm Exams and Regularly Scheduled Quizzes: The university defines the following as excused absences: illness of the student or serious illness of a member of the student's immediate family; death of a member of the student's immediate family; university sponsored trips; or major religious holidays. In each foreseen case, written verification will be required at least one week before the scheduled exam and permission to miss an exam must be secured before the scheduled exam time. If the cause of the absence is unforeseen, verification is required as soon as reasonable after the event has occurred. Examples include an obituary for a family death or an accident report for a mishap on the way to the exam.

Makeup quizzes and exams are only available to students with valid and verifiable excuses, as defined above. A makeup period is offered for those with such excuses as described below in the section on quiz and exam dates. My objective is to conduct all such makeups prior to the next regularly scheduled class. Please schedule makeups with me in advance if possible either verbally or by email. Other makeups for unusual circumstances (such as a week's stay in the hospital) will be

dealt with individually.

Unexcused absences for a quiz or exam include oversleeping, getting the wrong date for the exam, having to use a nonrefundable airline ticket, a family vacation, etc.

II. Seating for Exams:

Seating for exams will be assigned by the instructor. If possible, please arrive a few minutes early to exams in order to find your assigned seat.

III. Behavior:

Each student is expected to refrain from disruptive behavior. Specifically, (i) turn off cell phones prior to the start of class; (ii) do not talk with other students during class (asking a neighbor for a brief clarification is acceptable, though asking the instructor is preferable); (iii) noisy late arrivals are not acceptable (if you must be late, be discrete and take a seat near the door); (iv) reading the newspaper or browsing on websites unrelated to this class is not acceptable. NOTE: Cell phones, computers, tablets, and other electronic devices may not be visible during quiz or exam periods. Calculators, including financial calculators, may be used during quizzes and exams. The penalty for persistent violations, as determined by the instructor, is loss of 25 points per offense.

Special Needs: If you have an official letter stating that accommodations because of a disability (i.e. physical, mental, psychological, or learning issues), please bring that letter to me at least a week prior to the first graded assignment. If you have emergency medical information to share with me, or need special arrangements in case the building must be evacuated, please make me aware of your situation as soon as possible.

Attendance Policy: Attendance is not required in the sense that no points are awarded for being in class daily. However, each student is expected to attend all scheduled classes and is responsible for all material covered during class periods, whether or not the material is in the text, including Wall Street Journal readings and discussions that cover topics not in the text.

Excused Absences: Students need to notify the professor of absences prior to class when possible. *Senate Rules 5.2.4.2* defines the following as acceptable reasons for excused absences: (a) serious illness, (b) illness or death

of family member, (c) University-related trips, (d) major religious holidays, and (e) other circumstances found to fit “reasonable cause for nonattendance” by the professor.

Students anticipating an absence for a major religious holiday are responsible for notifying the instructor in writing of anticipated absences due to their observance of such holidays no later than the last day in the semester to add a class. Two weeks prior to the absence is reasonable, but should not be given any later. Information regarding major religious holidays may be obtained through the Ombud (859-257-3737, http://www.uky.edu/Ombud/ForStudents_ExcusedAbsences.php).

Students are expected to withdraw from the class if more than 20% of the classes scheduled for the semester are missed (excused) per University policy.

Per *Senate Rule 5.2.4.2*, students missing any graded work due to an excused absence are responsible: for informing the Instructor of Record about their excused absence within one week following the period of the excused absence (except where prior notification is required); and for making up the missed work. The professor must give the student an opportunity to make up the work and/or the exams missed due to an excused absence, and shall do so, if feasible, during the semester in which the absence occurred.

Verification of Absences:

Students may be asked to verify their absences in order for them to be considered excused. *Senate Rule 5.2.4.2* states that faculty have the right to request “appropriate verification” when students claim an excused absence because of illness, or death in the family. Appropriate notification of absences due to University-related trips is required prior to the absence when feasible and in no case more than one week after the absence.

Academic Integrity: Per University policy, students shall not plagiarize, cheat, or falsify or misuse academic records. Students are expected to adhere to University policy on cheating and plagiarism in all courses. The minimum penalty for a first offense is a zero on the assignment on which the offense occurred. If the offense is considered severe or the student has other academic offenses on their record, more serious penalties, up to suspension from the University may be imposed.

Plagiarism and cheating are serious breaches of academic conduct. Each student is advised to become familiar with the various forms of

academic dishonesty as explained in the Code of Student Rights and Responsibilities. Complete information can be found at the following website: <http://www.uky.edu/Ombud>. A plea of ignorance is not acceptable as a defense against the charge of academic dishonesty. It is important that you review this information as all ideas borrowed from others need to be properly credited.

Senate Rules 6.3.1 (see <http://www.uky.edu/Faculty/Senate/> for the current set of *Senate Rules*) states that all academic work, written or otherwise, submitted by students to their instructors or other academic supervisors, is expected to be the result of their own thought, research, or self-expression. In cases where students feel unsure about a question of plagiarism involving their work, they are obliged to consult their instructors on the matter before submission.

When students submit work purporting to be their own, but which in any way borrows ideas, organization, wording, or content from another source without appropriate acknowledgment of the fact, the students are guilty of plagiarism.

Plagiarism includes reproducing someone else's work (including, but not limited to a published article, a book, a website, computer code, or a paper from a friend) without clear attribution. Plagiarism also includes the practice of employing or allowing another person to alter or revise the work, which a student submits as his/her own, whoever that other person may be. Students may discuss assignments among themselves or with an instructor or tutor, but when the actual work is done, it must be done by the student, and the student alone.

When a student's assignment involves research in outside sources or information, the student must carefully acknowledge exactly what, where and how he/she has employed them. If the words of someone else are used, the student must put quotation marks around the passage in question and add an appropriate indication of its origin. Making simple changes while leaving the organization, content, and phraseology intact is plagiaristic. However, nothing in these Rules shall apply to those ideas, which are so generally and freely circulated as to be a part of the public domain.

Please note: Any assignment you turn in may be submitted to an electronic database to check for plagiarism.

Accommodations
due to disability:

If you have a documented disability that requires academic accommodations, please see me as soon as possible during scheduled office hours. In order to receive accommodations in this course, you must provide me with a Letter of Accommodation from the Disability Resource Center (DRC). The DRC coordinates campus disability services available to students with disabilities. It is located on the corner of Rose Street and Huguelet Drive in the Multidisciplinary Science Building, Suite 407. You can reach them via phone at (859) 257-2754 and via email at drc@uky.edu. Their web address is <http://www.uky.edu/StudentAffairs/DisabilityResourceCenter/>.

Tentative Course
Schedule:

I. Quiz and Exam Schedule

Exam 1: Wednesday, October 1 (Makeup dates: Thursday October 2, 7:30 a.m. and Monday October 6, 12:00 p.m.)

Exam 2: Wednesday, November 12 (Makeup dates: Thursday, November 13, 7:30 a.m. and Monday November 17, 12:00 p.m.)

Exam 3: Monday, December 15, 3:30 p.m., classroom

Quiz 1: Monday, September 15 (Makeup dates: Tuesday, September 16, 7:30 a.m. and Wednesday September 17, during office hours.)

Quiz 2: Wednesday, September 24 (Makeup dates: Thursday, September 25, 7:30 a.m. and Monday, September 29, during office hours.)

Quiz 3: Monday, October 20 (Makeup dates: Tuesday, October 21, 7:30 a.m. or Wednesday October 22, during office hours.)

Quiz 4: Wednesday, November 5 (Makeup dates: Thursday November 6, 7:30 a.m. or Monday November 10, during office hours.)

Quiz 5: Wednesday, December 3 (Makeup dates: Thursday December 4, 7:30 a.m. or Monday December 8, during office hours.)

NOTE: PLEASE RETAIN ALL QUIZZES AND EXAMS UNTIL FINAL GRADES ARE ASSIGNED

II. Course Outline

Introduction and Overview: Chapters 1, 2 and 3. This material will take approximately three weeks.

Valuing Financial Instruments: Chapters 4 through 7. This material will take approximately 6 weeks. Exam 1 follows chapter 4, about 5

weeks into the course (see exam schedule above) and exam 2 follows chapter 7 (per exam schedule above).

Financial Institutions: Chapters 11 and 12. This material takes approximately two weeks.

Central Banks: Chapters 15, 16 (through page 410), 17 (through page 433), 18 (pages 450-61, 470-482). This material takes approximately 4 weeks. Exam 3 is administered during final exam week.

Supplemental Material:

	Special Features/Readings
Chapter 2	Debit Cards versus Credit Cards, p. 25 Market Liquidity, Funding Liquidity, and Making Markets, p. 32 The Consumer Price Index, p. 38
Chapter 3	Leverage, p. 50 Trading in Financial Markets, p. 56 Interbank Lending, p. 62 Shadow Banks, p. 65 Shop for a Mortgage, p. 68
Chapter 4	How Long Does Your Investment Take to Double? p. 79 Risk Taking and the Search for Yield, p. 81 Computing Compound Annual Rates of Return, p. 84 Early Retirement, p. 87 Pay Off Your Credit Cards as Fast as You Can, p. 93 High Interest Rates, Low Interest Rates, p. 95
Chapter 5	It's Not Just Expected Return That Matters, p. 107 Choosing the Right Amount of Car Insurance, p. 111 The Impact of Leverage on Risk, p. 114 Systemic Risk, p. 116
Chapter 6	Know Your Mortgage, p. 136 Reading the Bond Page, p. 142 When Russia Defaulted, p. 151 Securitization, p. 153 Bonds Indexed to Inflation, p. 154
Chapter 7	Subprime Mortgages, p. 165 Your Credit Rating, p. 169 Reading Charts, p. 176 The Flight to Quality, p. 179
Chapter 11	Your First Credit Card, p. 274 Deflation, Net Worth, and Information Costs, p. 281 Information Asymmetry and Securitization, p. 275
Chapter 12	A Catalog of Depository Institutions, p. 304 The Cost of Payday Loans, p. 307 Insufficient Bank Capital, p. 314
Chapter 15	Why Inflation is Bad for You, p. 401 Threats to Fed Independence, p. 406 Independent Central Banks Deliver Lower Inflation, p. 409
Chapter 16	Decoding the FOMC's Statement, p. 431 The Evolution of Federal Reserve Independence, p. 433
Chapter 17	The Fed's Response on September 11, 2001, p. 463 The Fed's Balance Sheet: Impact of the Crisis, p. 454
Chapter 18	What the Fed Funds Rate Means to You, p. 490 The Channel System and the Future of Monetary Policy, p. 494 Some Unconventional Policy Tools, p. 507 Inflation Targeting, p. 499 Economic History is Constantly Changing, p. 515