University of Waterloo  
Department of Economics  
ECON 206  
Money and Banking  
Fall 2019  
Mon/Wed 2:30 – 3:50, STC 0060

Instructor and T.A. Information  
Instructor: Derek Stacey  
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Office Phone: 519-888-4567, ext. 36825  
Office Hours: Mon/Wed 9:00 – 10:30  
Email: dstacey@uwaterloo.ca  
• When sending email, “ECON 206" must appear in the subject line and the message must include your full name and ID number.  
• Please use email for administrative concerns only. I will be available during office hours, or by appointment, to discuss course material.

Course Description  
This course offers an overview of the functioning of the financial system both in Canada and abroad. It includes discussions of money and inflation, financial assets, and financial institutions and intermediaries.

Course Goals and Learning Outcomes  
• Understand money, its forms and functions.  
• Understand the role of financial intermediation.  
• Understand the history and functions of central banking.  
• Understand the implementation of monetary policy both in Canada and abroad.  
• Gain familiarity with models of monetary economies.

Required Text  

Readings Available on LEARN  
Lecture slides will be posted on LEARN. Students should check LEARN daily for announcements, course changes, and class materials. Note that the LEARN website may not be available from time to time. As such, students must download the class materials to their computer as soon as they are posted.
Course Requirements and Assessment

<table>
<thead>
<tr>
<th>Assessment</th>
<th>Date of Evaluation (if known)</th>
<th>Weighting</th>
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<tbody>
<tr>
<td>Midterm Exam 1</td>
<td>October 9</td>
<td>25%</td>
</tr>
<tr>
<td>Midterm Exam 2</td>
<td>November 11</td>
<td>25%</td>
</tr>
<tr>
<td>Final Exam</td>
<td>TBD</td>
<td>50%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>100%</strong></td>
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Midterm and Final Exams
Exams will draw on material covered in the lectures and assigned readings. The midterm and final exams are closed-book exams. The final exam is cumulative and includes all material covered in the course.

Course Outline

<table>
<thead>
<tr>
<th>Week</th>
<th>Date</th>
<th>Topic</th>
<th>Readings Due</th>
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<tbody>
<tr>
<td>1</td>
<td>Sep. 4</td>
<td>Why Study Money, Banking, and Financial Markets?</td>
<td>Ch. 1</td>
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<tr>
<td>2</td>
<td>Sep. 9 &amp; 11</td>
<td>An Overview of the Financial System; What Is Money</td>
<td>Ch. 2, Ch. 3</td>
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<tr>
<td>3</td>
<td>Sep. 16 &amp; 18</td>
<td>The Meaning of Interest Rates; The Behaviour of Interest Rates</td>
<td>Ch. 4, Ch. 5</td>
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<tr>
<td>4</td>
<td>Sep. 23 &amp; 25</td>
<td>The Economic Analysis of Financial Structure</td>
<td>Ch. 8</td>
</tr>
<tr>
<td>5</td>
<td>Sep. 30 &amp; Oct. 2</td>
<td>The Economic Analysis of Financial Regulation</td>
<td>Ch. 9</td>
</tr>
<tr>
<td>6</td>
<td>Oct. 7 &amp; 9</td>
<td>Banking Industry: Structure and Competition</td>
<td>Ch. 10</td>
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<td>7</td>
<td>Oct. 21 &amp; 23</td>
<td>Central Banks and the Bank of Canada</td>
<td>Ch. 14</td>
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<tr>
<td>8</td>
<td>Oct. 28 &amp; 30</td>
<td>The Money Supply Process</td>
<td>Ch. 15</td>
</tr>
<tr>
<td>9</td>
<td>Nov. 4 &amp; 6</td>
<td>Tools of Monetary Policy</td>
<td>Ch. 16</td>
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<tr>
<td>10</td>
<td>Nov. 11 &amp; 13</td>
<td>The Conduct of Monetary Policy: Strategy and Tactics</td>
<td>Ch. 17</td>
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<tr>
<td>11</td>
<td>Nov. 18 &amp; 20</td>
<td>Monetary Theory</td>
<td>Ch. 20, 21 &amp; 22</td>
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<tr>
<td>12</td>
<td>Nov. 25 &amp; 27</td>
<td>Monetary Policy Theory</td>
<td>Ch. 24 &amp; 25</td>
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<td></td>
<td>Dec 2</td>
<td>Review for Final Exam</td>
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Missed Exam Policy
Students that are to miss an exam should inform the instructor in advance. Students that miss a midterm exam will receive a grade of zero on the exam if satisfactory documentation is not provided in a timely manner. With appropriate documentation, students that miss a midterm exam will have the weight of that midterm transferred to their final exam. With appropriate documentation, students that miss the final exam will be eligible to write a makeup final exam.
Attendance Policy
Lectures are a critical part of the course. Attendance is strongly recommended. A student that misses a lecture should obtain class notes from a classmate.

Institutional-required statements for undergraduate course outlines approved by Senate Undergraduate Council, April 14, 2009

Academic Integrity
In order to maintain a culture of academic integrity, members of the University of Waterloo community are expected to promote honesty, trust, fairness, respect and responsibility. See the UWaterloo Academic Integrity webpage and the Arts Academic Integrity webpage for more information.

Discipline
A student is expected to know what constitutes academic integrity, to avoid committing academic offences, and to take responsibility for his/her actions. A student who is unsure whether an action constitutes an offence, or who needs help in learning how to avoid offences (e.g., plagiarism, cheating) or about “rules” for group work/collaboration should seek guidance from the course professor, academic advisor, or the Undergraduate Associate Dean. When misconduct has been found to have occurred, disciplinary penalties will be imposed under Policy 71 – Student Discipline. For information on categories of offenses and types of penalties, students should refer to Policy 71 - Student Discipline. For typical penalties check Guidelines for the Assessment of Penalties.

Grievance
A student who believes that a decision affecting some aspect of his/her university life has been unfair or unreasonable may have grounds for initiating a grievance. Read Policy 70 - Student Petitions and Grievances, Section 4. When in doubt, please be certain to contact the department’s administrative assistant who will provide further assistance.

Appeals
A decision made or penalty imposed under Policy 70, Student Petitions and Grievances (other than a petition) or Policy 71, Student Discipline may be appealed if there is a ground. A student who believes he/she has a ground for an appeal should refer to Policy 72, Student Appeals.

Note for Students with Disabilities
The AccessAbility Services office, located on the first floor of the Needles Hall extension (NH 1401), collaborates with all academic departments to arrange appropriate accommodations for students with disabilities without compromising the academic integrity of the curriculum. If you require academic accommodations to lessen the impact of your disability, please register with the AS office at the beginning of each academic term.

If Using Turnitin in your Course
Turnitin.com: Text matching software (Turnitin®) will be used to screen assignments in this course. This is being done to verify that use of all material and sources in assignments is documented. Students will
be given an option if they do not want to have their assignment screened by Turnitin®. In the first week of the term, details will be provided about arrangements and alternatives for the use of Turnitin® in this course.

*Note: students must be given a reasonable option if they do not want to have their assignment screened by Turnitin®. See guidelines for instructors for more information.*

**Faculty of Arts-required statements for undergraduate course outlines**

**Cross-listed Course (if applicable)**

Please note that a cross-listed course will count in all respective averages no matter under which rubric it has been taken. For example, a PHIL/PSCI cross-list will count in a Philosophy major average, even if the course was taken under the Political Science rubric.