

University of Waterloo
Department of Economics
ECON 206: Money and Banking

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Office Hours: Tue 12noon-4:30pm
Or by appointment

Term/ Year: Spring 2017
Class days/times: Mon & Wed 1–2:20pm
Building/room number: MC 2034

Welcome to ECON 206. This course is designed to provide an introduction to the fundamentals of money, banking and financial markets, with emphasis on the Canadian economy. Topics include, but are not limited to, measures and functions of money, behavior of interest rates, central banking, aggregate demand and aggregate supply, and the theory and practice of monetary policy. Upon successful completion of the course, students should be able to describe the role of money and financial markets in the economy, explain the money supply process, describe what determines interest rates, explain the functions of the Bank of Canada, and understand the workings of aggregate demand, aggregate supply, and monetary policy.

To get the most out of the course, students are strongly encouraged to attend *all* lectures, participate in class discussion, and do the homework assignments. Knowledge of basic algebra is required for the course.

Required Text

Mishkin, Frederic S. and Apostolos Serletis (2016). *The Economics of Money, Banking, and Financial Markets*, 6th Canadian Edition. Toronto: Pearson.

Evaluation

	Weight
Midterm exam 1 (May 29 th –Monday, in class)	20%
Midterm exam 2 (June 28 th –Wednesday, in class)	20%
Final exam – (scheduled by the Registrar’s office)	<u>60%</u>
	100%

Important Notices

- No deferred or make-up midterm tests. If the student miss a test due to illness and provide a verifiable medical certificate, then the weight of the test will be shifted to the final exam. Otherwise, a mark of zero will be given to the missed test.
- It is the responsibility of students to ensure that they write exams in the location, date, and time assigned to their section. Students writing exams in the wrong section will be assessed a 20% penalty on the final exam grade. There will be no accommodation for possible differences in exam material or content.

- 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.
- To maintain a classroom environment that is conducive to learning, students are expected to have the highest level of courtesy and professional behavior. Students must be punctual and turn off all audible ringers on phones and other electronic devices while in class.

Course Outline

1. Introduction (Chapters 1, 2 and 3)
2. Interest Rates (Chapters 4, 5, and 6)
3. Stock Market, Expectations, and Efficient Market Hypothesis (Chapter 7)
4. Central Banks (Chapter 14)
5. Money Supply Process (Chapter 15)
6. Tools and Conduct of Monetary Policy (Chapters 16 and 17)
7. Monetary Theory (Chapters 20, 21, and 22)
8. Aggregate Demand and Aggregate Supply (Chapter 23)
9. Monetary Policy Theory and Transmission Mechanisms of Monetary Policy (Chapters 24 and 26)

Economics Department Deferred Final Exam Policy

Deferred Final Exam Policy found at <https://uwaterloo.ca/economics/undergraduate/resources-and-policies/deferred-final-exam-policy>

Cross-listed course

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.

Academic Integrity

Academic Integrity: In order to maintain a culture of academic integrity, members of the University of Waterloo 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 student may appeal the finding and/or penalty in a decision made under Policy 70 - Student Petitions and Grievances (other than regarding a petition) or Policy 71 - Student Discipline if a ground for an appeal can be established. Read [Policy 72 - Student Appeals](#).

Accommodation for Students with Disabilities

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.

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. In the first week of the term, details will be provided about the arrangements for the use of Turnitin® in this course.

Mental Health Services

[Mental Health Services](#) aim is to provide holistic programming and services to help you lead a healthy and balanced life. We strive to provide a secure, supportive environment for students of all orientations and backgrounds.

Students suffering from problems with anxiety, depression, problems with sleep, attention, obsessions or compulsions, relationship difficulties, severe winter blues, etc., may make an appointment by phone or in person. Appointments are usually available within two days of initial contact with one of our medical doctors. All contacts are completely confidential.

Territorial Acknowledgement

We acknowledge that we are living and working on the traditional territory of the Attawandaron (also known as Neutral), Anishinaabe and Haudenosaunee peoples. The University of Waterloo is situated on the Haldimand Tract, the land promised to the Six Nations that includes six miles on each side of the Grand River.