

S Y L L A B U S

Course **Money, Finance, and Crises**
Mondays; Loop Campus; 5:45-9:00
Room 1403, Lewis Center (25 E. Jackson Blvd) (except weeks 3 & 7, which are online)

Instructor Ludovic Comeau Jr, Ph.D.
14 E. Jackson Blvd., Suite 1400, Chicago, IL 60604.
Phone: 312-362-8484
E-mail: lcomeau@depaul.edu

Instructor's Biographical Abstract

Ludovic Comeau Jr has more than 35 years of teaching experience. In 2001 he joined the School for New Learning, where he is Associate Professor, teaching economics, Research Seminar, and also the Advanced Project course, which he teaches this spring in the Loop on Mondays. He created four courses for SNL: *Economics for Decision Making*; *Economics by Example*; *Money, Finance, and Crises*; and *Applying Economics: A Practical Approach*. Dr. Comeau holds a Ph.D. in economics, an MBA in finance, an M.A. in French Literature, and a Law degree. He is also a writer; he published a novel (written in French), and works on a second novel and other literary works, all in French. He has also published in English, in economics, his main field of scholarship. He has broad experience in monetary and development economics. In the late 1990s, for nearly three years he served as Chief Economist at the central bank of the Republic of Haiti (the counterpart of the U.S.'s Federal Reserve), where he helped conduct the country's monetary policy.

Dr. Comeau is very involved in helping make a lasting difference in the country through the *Group for Reflection and Action for a New Haiti* (GRAHN-World), the first global Haitian think-tank (<http://www.haiti-grahn.net/public/>; www.grahn-monde.org), of which he is vice-president as well as president of the U.S. branch. He also teaches pro bono for the *Institute of Science, Technology, and Advanced Studies of Haiti* (ISTEAH), GRAHN's accredited graduate program in the country.

In July 2004, Dr. Comeau co-led a Study Abroad program to the 4th *Parliament of the World's Religions* (Barcelona, Spain), titled *Global Economics, Global Ethics*. He participated in a travel course to Ghana, Benin and Togo, and was a member of the pioneer group who set up SNL's academic program at Tangaza, a college of the Catholic University of Eastern Africa (CUEA), Kenya. In the winter quarter and spring break 2015, he co-led a new Study Abroad course – *South Africa and the Quest for Change: 25 Years and Counting*, which will again be scheduled in the winter quarter and spring break of 2017.

Competences

H-1-X: Can explain the inner workings of the economy through the interaction of financial markets and financial institutions.

H-2-X: Can compare the underpinnings of crises that hit financial systems at different times and in different countries.

S-3-X: Can understand the scientific and social dimensions of an economic issue.

H-5: Can analyze issues and problems from a global perspective.

F-X: Can understand the many issues that emerge through the study of money, banking, and financial markets.

Course Description/contents

As the second half of the 2000 decade set in, the U.S. economy endured a series of negative shocks: oil price more than doubled, and so did the price of other commodities. As a result, inflation surged while the financial sector experienced the onset of the subprime crisis in August 2007. The economy severely contracted, sending shock waves throughout the rest of the world.

One year later (by the end of the 3rd quarter of 2008), the subprime financial crisis had reached disastrous proportions: a number of the country's most important financial institutions were on the verge of collapse, while a few actually collapsed; and credit markets were completely frozen. The crisis, of which the impact is still painfully felt, became known as the Great Recession, that is, the worst financial crisis that hit the global economy since the Great Depression, which started in 1929.

The Great Recession profoundly altered the nature of money, banking, and financial markets. Indeed, money remains an integral part of our everyday life. Its reach goes far beyond what we experience. Money is intertwined with the economy's inner workings through the interaction of financial markets (bond and stock markets, foreign exchange markets, etc.) and financial institutions (banks, mutual funds, insurance companies, pension funds, etc.). Financial markets and institutions everywhere, mainly in the U.S., influence the trillions of dollars that flow daily worldwide. Their impact on the welfare of nations and on the economy's capacity to produce goods and services becomes evident when, precisely, one looks at the ravages of the Great Recession.

The goal of this course is to provide a working understanding of issues related to money, banking, and financial markets, whether in crisis or not.

Week after week we will also follow current developments as the economy has been showing signs in recent quarters that it may be rebounding for good, from the crisis.

LEARNING CHANNELS

Learning will occur through a variety of channels:

READING: Assigned textbook chapters and other *MyEconLab* materials must be read in a timely manner, and in ways that effectively enhance the understanding of topics covered. While doing so, critical thinking must be practiced at all times. Although you will not be asked to do that as a formal assignment, you should be able to do an exhaustive (all major points and concepts are covered) executive (yet brief) summary of what you read.

LECTURES and CLASS DISCUSSIONS:

Main points of theory will be reviewed in class, often with PowerPoint lecture notes, videos, etc. This will allow you to bring forth confusing textbook points. Hence, again, the need to carefully read any week's assigned chapter prior to that week's class session.

Moreover, we'll draw on the wealth of experiences usually gathered in the typical SNL classroom to engage in **discussions** of points of theory or headlines related to the course's domain.

INDIVIDUAL PRESENTATIONS:

A few States have stood as symbols, so to speak, of the economic downturn. The so-called **PIGS** countries have come under the limelight, rather infamously: *Portugal, Italy, Greece, and Spain*. In addition, *Ireland* has had its share of severe fiscal problems, and has born the "I" jointly with Italy.

On the other hand, other nations have been hailed as typifying the prospects of a new global economic order: *Brazil, Russia, India, China, and South Africa*. However, most of these countries have come under economic duress, causing the **BRICS** acronym that had been used for them until recently to disappear from the headlines.

Each student will do research **individually** on **two of those countries** (one country from each group) and will present his/her research in class (see the course outline for dates; see **Addendum 2** about guidelines and standards for group presentations).

However, based on class enrollment, presentations might be carried out by groups of 2-3 students.

TEXTBOOK:

Required: The Economics of Money, Banking & Financial Markets (**Business School Edition**), Frederic Mishkin, **4th edition (2016)**, Addison Wesley (Pearson). ISBN-10: 0-13-385980-0 • ISBN-13: 978-0-13-385980-5.

Website: Required: MyEconLab (MEL) (www.myeconlab.com)

I set up a MEL website for you (www.myeconlab.com). MEL is an extremely useful online tutorial system that accompanies the textbook and makes it much easier for you to understand and practice textbook readings and applications. It provides a wealth of pedagogical supplements to help you cruise through the concepts and theories that you study. MEL also allows for positive assessment of your work in the course, in the sense of offering a method of evaluating your performance that provides you with ongoing support, instead of seeking to penalize you. Thus, you progress continuously through the quarter, and your grade is determined based on that positive-reinforcement perspective.

The use of MyEconLab (MEL) is **cost-effective**. If a printed textbook is not a must for you, then you have the option to go paperless, and acquire an e-text + MEL access package at a much lower combined cost than if you acquire a printed text and access to MEL, separately. DePaul's textbook supplier can help you obtain that package. Addendum 1 (in this syllabus, right after the course outline) provides a one-pager about how to register for MEL and enroll in the course's site. Please register for and enroll in MEL before the start of the course.

Here is the ISBN for the package (book + MEL access): 978-0134047386

LEARNING OUTCOMES

At the end of the course, you should understand:

- The role of money and bond markets in the economy, as well as the importance and behavior of interest rates, and why they vary from one financial instrument to the next.
- How financial markets perform the important role of channeling funds from lender-savers to borrower-spenders and, in so doing, the beneficial impact well-functioning financial markets have on the health of the economy and the well-being of consumers.
- The importance of the stock market in business investment decisions, as well as its role in the financial system.
- The behavior of stock prices, and their response to information available in the marketplace.

- The importance of financial intermediaries (commercial and investment banks, insurance companies, mutual funds, finance companies, etc.) for smooth functioning of financial markets.
- The financial structure in the U.S. and the rest of the world, and how greater integration of the world economy is achieved through the growing internationalization of financial markets.
- Underlying causes of financial crises and of the damages they cause to the economy.
- How banking entities (commercial banks, savings and loan associations, mutual savings banks, credit unions) manage their assets and liabilities to make a profit.
- How the competitiveness of the financial industry has shaped it over time.
- The structure and rationale behind financial regulation.
- How improvements in information technology have impacted financial innovation and paved the way for e-finance and higher profits.
- How to perform simple financial calculations through the use of basic algebra.

ASSIGNMENTS

There will be 3 categories of assignment:

1. **MyEconLab homeworks (HW) for weeks 5, 7, 9, and 11 (40%, @ 10% per HW)**
To be found and done on MEL. I will upload each of them three days prior to due date.
2. **Individual presentations, weeks 6, 7, 8, 9, 10 (25%):** See Addendum 2.
Presentations will be peer-assessed, i.e. evaluated by all students but those presenting.
An assessment form will be distributed: use it to inform your presentation preparation.
3. **Reflection/Research paper, 25%:** 5-6 pages for students registered for one competence; 7-9 pages for those registered for 2 comps. Detailed guidelines will be provided by the instructor. A 1-page paper proposal (topic & summary) is due Week 4.

Please note that it is important to submit all assignments on due dates and times. Assignment scheduling will be strictly observed. Actually:

- MEL assignments will absolutely not be available after their due dates/times.
- The final paper will lose 10% of its score if submitted after due date/time. It will be non-receivable if submitted more than one week after due date/time.

Final letter grades for the course will be assigned according to the following distribution:

A: 90 to 100 points **B:** 80 to 89⁺ **C:** 70 to 79⁺ **D:** 55 to 69⁺ **F:** 0 to 54⁺

PASS/FAIL (deadline: 2nd week, Sept. 19, 11:59 pm). A PASS grade requires at least C.

WORKLOAD AND GRADING

The best way to succeed in the course is to study the text and practice class materials on a **week-by-week basis**. That is crucial because the notions are cumulative.

Attendance and class participation are very important. Every student is expected to:

- read assigned textbook chapters timely (or, per the Course Outline's schedule –see page 6);
- practice with the web site (www.myeconlab.com);
- remain current in what regards business and economic news and developments (I suggest watching *Nightly Business Report* from the public TV channels: 11 and/or 20); and
- come to class prepared to participate actively in **all discussions**.

Being late is very disruptive, and so is being absent. Tardiness and absence make you miss key points on which future concepts will build. Being always present and on time maximizes the learning experience.

Attendance takes on 10% of class grade, at one point per class session, for the full class session (i.e. for not being more than 10 minutes late, and staying for the ENTIRE three hours). For the 2 online class sessions (September 19 and October 10), attendance will be based on participation in the D2L discussion forum.

Grading: Assignments: 90% Attendance: 10%

COURSE OUTLINE

NOTE: MEL homeworks (weeks 5, 7, 9, 11) are found and done in MEL – click on “Home-work”, and follow MEL’s instructions to do the homework. Each homework will be available three days prior to due date. No HW will be available after due date/time.

NOTE: Readings must have been completed on the dates they are assigned.
Homeworks must be completed on their due dates, **at 5:00 PM**, at the latest.

Week 1 (September 12) (in the classroom)

Money, Banking, and the Financial System

Reading: Mishkin, chapters 1 & 2

Week 2 (September 19) (ONLINE, via D2L)

The Meaning of Money

Reading: Mishkin, chapter 3

Week 3 (September 26) (in the classroom)

The Meaning of Interest Rates

Reading: Mishkin, chapter 4

Week 4 (October 3) (in the classroom)

The Stock Market and the theory behind it

Reading: Mishkin, chapter 7

D2L homework due today: A 1-page paper proposal (topic & summary) is due at noon

Week 5 (October 10) (ONLINE, via D2L)

Financial Structure and Management

Reading: Mishkin, chapters 8 & 9

MEL homework 1: due today (on ch. 1, 2, 3)

Week 6 (October 17) (in the classroom)

Financial Regulation

Reading: Mishkin, chapters 10

PRESENTATION 1

Week 7 (October 24) (in the classroom)

The Banking Industry

Reading: Mishkin, chapter 11

MEL homework 2: due today (on ch. 4, 7)

PRESENTATION 2

Week 8 (October 31) (in the classroom)

Financial Crises

Reading: Mishkin, chapter 12

PRESENTATION 3

D2L homework due today: if necessary, a revised paper proposal is due at noon

Week 9 (November 7) (in the classroom)

Nonbank Finance

Reading: Mishkin, chapter 13

PRESENTATION 4

MEL homework 3: due today (on ch. 8, 9, 10)

Week 10 (November 14) (in the classroom)

Monitoring Finance: The Central Bank

Reading: Mishkin, chapter 16

Reading: Mishkin, chapter 18, starting on page 416 (Conventional Monetary Policy Tools)

PRESENTATION 5

Week 11 (November 21) (NO INSTRUCTION)

**MEL Homework 4: due today (on ch. 11, 12, 16)
FINAL PAPER: due 11:59 PM (in Dropbox)**

ADDENDUM 1 (from MyEconLab)

Pearson's MyEconLab Student Registration Instructions

PEARSON

ALWAYS LEA

To register for **Mishkin: The Economics of Money, Banking and Financial Markets, Business School Edition, 4/E (Fall 2016)**:

1. Go to www.pearsonmylabandmastering.com.
2. Under Register, select **Student**.
3. Confirm you have the information needed, then select **OK! Register now**.
4. Enter your instructor's course ID: [comeau59744](#), and **Continue**.
5. Enter your existing Pearson account **username** and **password** to **Sign In**.

You have an account if you have used a Pearson product, for example: MyMathLab, MyITLab, MyPsychLab, MySpanishLab or Mastering, such as MasteringBiology.

> If you don't have an account, select **Create** and complete the required fields.

6. Select an access option.
 - > Use the access code that came with your textbook or that you purchased separately from the bookstore.
 - > Buy access using a credit card or PayPal account.
 - > If available, get 14 days temporary access. (The link is near the bottom of the screen.)
7. From the confirmation page, select **Go To My Courses**.
8. On the My Courses page, select the course tile **Mishkin: The Economics of Money, Banking and Financial Markets, Business School Edition, 4/E (Fall 2016)** to start your work.

To sign in later:

1. Go to www.pearsonmylabandmastering.com.
2. Select **Sign In**.
3. Enter your Pearson account **username** and **password**, and **Sign In**.
4. Select the course tile **Mishkin: The Economics of Money, Banking and Financial Markets, Business School Edition, 4/E (Fall 2016)** to start your work.

To upgrade temporary access to full access:

1. Go to www.pearsonmylabandmastering.com.
2. Select **Sign In**.
3. Enter your Pearson account **username** and **password**, and **Sign In**.
4. Select **Upgrade access** from the course tile **Mishkin: The Economics of Money, Banking and Financial Markets, Business School Edition, 4/E (Fall 2016)**.
5. Enter an access code or purchase access with a credit card or PayPal account.

For a registration overview, go to www.pearsonmylabandmastering.com/students/get-registered. Scroll down to **Need a little help?** and select a video.

ADDENDUM 2 (from the Instructor)

Guidelines for individual presentations

Orientation questions for class presentations

TO BE PROVIDED IN THE CLASSROOM

Individual presentation evaluation

Individual presentations will be assessed to ensure the fulfillment of the attributes of a **professional academic work**, that is, relevance of content, rigor of organization, originality of argumentation, and stylistic quality.

Relevance of content: Thorough discussion of the survey's analyses with a concern for establishing its **pertinence for real-life experiences and to the course's topics**. You must make an effort to utilize tools and concepts studied in class. It's advised to relate your argument to existing theory/literature by researching the many sources readily available to you. Which some of the questions already direct to do.

Rigor of organization: If you have an argument, clearly state it at the onset. Then develop and illustrate your points logically, using impeccably structured paragraphs, organized in a coherent entity. Even if your presentation is oral, it must reflect the rigor of a carefully conducted work.

Originality of argumentation: Indeed, you are not asked to reinvent the wheel. It is fine to use other people's ideas. But you must do so within your own perspective, with your own approach and words (unless you quote; then, state so explicitly with clear indication of start and end quote). Please refer to the notes on plagiarism (in syllabus).

Stylistic quality: Good sentence structure and grammar.

The bar must be constantly set higher. Excellence is the goal. Each new individual presenting must do better than those who presented before him/her.

ADDENDUM 3 (from the Administration)

DePaul University Academic Integrity Policy

DePaul University is a learning community that fosters the pursuit of knowledge and the transmission of ideas within a context that emphasizes a sense of responsibility for oneself, for others and for society at large. Violations of academic integrity, in any of their forms, are, therefore, detrimental to the values of DePaul, to the students' own development as responsible members of society, and to the pursuit of knowledge and the transmission of ideas. Violations include but are not limited to the following categories: cheating; plagiarism; fabrication; falsification or sabotage of research data; destruction or misuse of the university's academic resources; alteration or falsification of academic records; and academic misconduct. Conduct that is punishable under the Academic Integrity Policy could result in additional disciplinary actions by other university officials and possible civil or criminal prosecution. Please refer to your Student Handbook or visit <http://studentaffairs.depaul.edu/homehandbook.html> for further details.

DePaul University Incomplete Policy

Undergraduate and graduate students will have up to two quarters to complete an incomplete. At the end of the second quarter (excluding summer) following the term in which the incomplete grade was assigned, remaining incompletes will automatically convert to "F" grades. In the case of the Law School incompletes must be completed by the end of the semester following the one in which the incomplete was assigned. Ordinarily no incomplete grade may be completed after the grace period has expired. Instructors may not change incomplete grades after the end of the grace period without the permission of a college-based Exceptions Committee. This policy applies to undergraduate, graduate and professional programs. NOTE: In the case of a student who has applied for graduation and who has been approved for an Incomplete in his or her final term, the incomplete must be resolved within the four week grace period before final degree certification.

n.b. The SNL student who wishes to receive the grade of IN must formally request in writing that the instructor issue this grade. This request must be made before the end of the quarter in which the student is enrolled in a course.

Protection of Human Research Participants

[For courses with a student research component only.] This course may involve research activities intended solely for classroom learning outcomes. Collecting data from human beings for such activities do not require institutional review if there is no intent to generalize, publish, or otherwise disseminate the findings. However, students must still abide by federally-mandated guidelines for the protection of human beings who may be the sources of such data. These include, but are not limited to, keeping persons' identifiable characteristics confidential and taking care to minimize or entirely remove the possibility of mental, social, financial, or physical harm. If findings from your research activities may be disseminated beyond classroom discussion, your activities carry risk of harm to the participants, or the identities of the participants are ascertainable, students must obtain approval from the SNL Local Review Board and DePaul Institutional Review Board. Please consult with the course instructor and visit the website of the

Office of Research Protections at DePaul University (<http://research.depaul.edu>) for additional information and guidance.

For Students Who Need Accommodations Based on the Impact of a Disability

Students who feel they may need an accommodation based on the impact of a disability should contact the instructor privately to discuss their specific needs. All discussion will remain confidential. To ensure that you receive the most reasonable accommodation based on your needs, contact your instructor as early as possible in the quarter (preferably within the first week or two of the course). Please be sure to contact the following office for support and additional services:

Center for Students with Disabilities (CSD)
Lincoln Park Campus: Student Center 370. (773) 325-1677
Loop Campus: Lewis Center 1420. (312) 362-8002
csd@depaul.edu

Writing Help

For help with organizing your ideas, grammar, citing sources, avoiding plagiarism, sample SNL assignments and much more, see the [Writing Guide for SNL Students](http://snl.depaul.edu/writing/index.html) at <http://snl.depaul.edu/writing/index.html>. For on-campus and online tutoring, see the [DePaul University Writing Centers](http://condor.depaul.edu/~writing/) at <http://condor.depaul.edu/~writing/>.

[In addition, consider adding the Writing Centers' syllabus supplement available here <http://condor.depaul.edu/writing/instructors/syllabus.html>]

Dean of Students Office

The Dean of Students Office (DOS) helps students in navigating the university, particularly during difficult situations, such as personal, financial, medical, and/or family crises. Absence Notifications to faculty, Late Withdrawals, and Community Resource Referrals, support students both in and outside of the classroom. Additionally we have resources and programs to support health and wellness, violence prevention, substance abuse and drug prevention, and LGBTQ student services. We are committed to your success as a DePaul student. Please feel free to contact us at <http://studentaffairs.depaul.edu/dos/>.

Description of Pass/Fail Grading Options

There are four SNL courses within the BA curriculum that are always assessed on a Pass/Fail basis: *Learning Assessment Seminar* (course number LL 102; competence L-1), *Foundations of Adult Learning* (course number LL 250; competences L-2 and L-3), *Advanced Project* (course number FA 303; competences F-11 and F-12) and *Summit Seminar* (course number LL 390; competence L-12). These classes may not be taken for a letter grade assessment. Therefore, work that might otherwise be assessed at grades A through C- will earn a Pass in these classes.

There are an additional four SNL courses within the Lifelong Learning Area of the BA curriculum for which instructors regularly use a Pass/Fail grading system which may, instead, be taken for a letter grade assessment if this is a student's preference. These classes are: *Academic Writing for Adults* (course number LL 150; competence L-4), *Critical Thinking* (course number LL 155; competence L-5), *Research Seminar* (course number LL 300; competences L-8 and L-9) and *Externship* (course number LL 302; competences L-10 and L-11). In addition, SNL's undergraduate *Writing Workshop* (course number LL 140; competence H-3-J) regularly uses Pass/Fail although students may request a letter grade assessment. In these instances SNL offers undergraduate students the opportunity to request a letter grade assessment from their instructor. Students who need a letter grade for tuition reimbursement may wish to consider this option, as well as those who wish to raise their GPA. Students planning to attend graduate school may also prefer letter grades to Pass/Fail assessments.

In addition, students have the option of taking all SNL undergraduate courses as Pass/Fail even if a class is initially structured for a letter grade assessment. In these cases a Pass is awarded when competence is demonstrated at a level that would otherwise earn a grade of C- or higher.

In deciding to select Pass/Fail grading students should be aware that competencies assessed in a course as Pass will earn credit hours toward degree completion but will not be included in computing grade point averages. Attempted competence demonstration assessed within a class as Fail will not only be recorded as credit hours attempted but will also be included in computing a student's grade point average.

For SNL students, competencies awarded for Independent Learning Pursuits and in the Lifelong Learning Domain do not count toward the university's specification that only twenty credit hours may be earned through the Pass/Fail assessment option.

If a student wishes to switch their method of assessment, either to or from the Pass/Fail option, this must be requested from the instructor in writing during the first two weeks of the quarter. The assessment style may not be changed after this period, with no exceptions.