

**NORTHWESTERN UNIVERSITY**  
**Department of Economics**

**Economics 308—Money and Banking**

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**Important:** It is my assumption, as well as that of Northwestern University, that you will attend every class. The following is tentative. You are responsible for any changes or additions to what follows that may be announced in class, as well as all class material. Some class material will be posted on Canvas; some may be handed out in class instead. Should you for whatever reason miss a class, it is your responsibility to get the material from someone in the class.

**Purpose:** This course presents a smorgasbord of topics related to money and banking. Topics range from financial markets and the term structure of interest rates to the structure and role of banks and the Federal Reserve to monetary theory and policy.

**Texts:** The text for the course is *Money, Banking, and Financial Markets*, 6<sup>th</sup> ed. by Cecchetti & Schoenholz, McGraw Hill, 2021. Also required is *A Random Walk Down Wall Street* by Burton G. Malkiel, W.W. Norton, 2023 edition. Other readings may also be made available as the quarter progresses. The material covered in class will generally correspond to the material assigned in the texts, although the lectures may present the material from a different point of view. Lectures should be viewed as complements to, rather than as substitutes for, the readings.

**Method of Evaluation:** There will be two exams (each accounting for 1/3 of the total possible points), and a paper (which accounts for the remaining 1/3). Class participation, etc. will be considered in borderline cases.

**Office Hours:** I'll be available for any questions after class in Tech LR4 for as long as questions last or 6 PM on Mondays and Wednesdays. I'll also be available for individual Zoom sessions on Thursday, typically in the evening. The exact hours will be posted in the Announcements section of Canvas late on Wednesday. You are welcome to ask any questions on the class material except for that week's problem set. The TA will provide information regarding his office hours during the first section meeting.

**Section:** Attendance at the weekly section is expected. The sections will be used to discuss homework problems, to expand on ideas presented in lecture or in the text, and to address questions that you may have. No discussion section meeting until the second week of the quarter.

**Examination Policies and Dates:**

Exam 1—Wednesday, April 26  
Exam 2—Friday, May 26

The paper will be due at 11:59 PM on Monday, June 5. The class paper will be 8-10 pages in length. You will choose the topic of your research paper. I'll provide a list of suggestions as the class progresses but you will be free to select another relevant topic.

You are strongly urged to submit a paper proposal beginning after first exam. We'll discuss this in class later. The proposal should briefly (in a page or two at most) and clearly 1) outline your chosen topic, 2) explain why it is an interesting issue (i.e., why would anyone care about this topic?) and 3) provide a list of sources you will use in its study. You are most welcome (in fact, urged) to discuss a potential paper topic with me during office hours.

Excuses for absences from the exams will be accepted only in real cases of illness (with verification from the student health center by signing the consent form or a doctor's excuse) or emergency. If an absence from a midterm is unexcused, the student is subject to receiving a grade of zero for that exam

The class re-grade policy will be posted on Canvas later in the quarter. Happily, it's rare that a Northwestern student chooses to cheat but I am required to report any evidence of cheating to the Dean's office immediately with no discussion with the student. No cheating is allowed in any way in this class.

Northwestern University owns a copyright on all class material, including the lectures. No recording of classes is allowed nor is posting of class material (e.g., homework sets) online allowed.

Due to comments from students regarding the negative externalities involved, the following policies hold: No reading of newspapers or chatting during class. Cell phones are to be put away (in your pocket, purse, or bookbag) and have their ringers turned off for the entire class. If you are unable to resist the impulse to check messages and text, you are welcome to very quietly leave the room to do so. No laptop/notebook computers/electronics allowed. Violation of this policy is subject to a penalty with no warning.

**Course Outline:** What follows is a really rough outline of the material we may cover. I'll post a separate reading list each week that will indicate where we are in the text at that time. I expect changes to be made depending on time constraints.

Week of	Topics	Chapters
3-28	Intro; Money; Financial System	1, 2, 3
4-3	Present Value; Risk; Bond Prices	4, 5, 6
4-10	Term Structure; Stock Market	7, 8
4-17	Stock Market; Financial Intermediation	8, 11
4-24	Banks; Financial System Stuff	12, 13, 14
5-1	Central Banking; Money Supply Process	15, 16, 17
5-8	Monetary Policy; Money Growth	18, 20
5-15	Y, II, & Monetary Policy; Business Cycles	21, 22
5-22	Modern Monetary Policy	23

We'll also read chapters of Malkiel to be determined later.