

**ECON 517: Monetary Policy**  
**Department of Economics, LAS, UIUC**

**Rui Zhao**  
**119 DKH**

**Spring 2020**  
**TuTh 9:30-10:50**

**Communication**

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**Office Hours:** Wednesdays 11am-1pm or by appointment.

**Course Description**

This course focuses on the money side of macroeconomics. About two thirds of the class deals with structure of financial markets and instruments traded on the financial market. The last part is devoted to the central bank and monetary policy.

**Learning Resources**

Required textbook: Hubbard and O'Brien, *Money, Banking, and the Financial System*, 3<sup>rd</sup> edition.

Any additional materials will be distributed through Compass.

**Important Dates**

Exam 1: Thursday, February 20th

Exam 2: Thursday, March 26th

Deadline to Drop without a grade of W: Friday March 13th

Exam 3 (final exam): Monday, May 11th, 7-9:30pm

**Student Assessment**

This class uses a plus/minors grading system. Roughly,  $\geq 85$  A,  $\geq 70$  B, and  $\geq 60$  C.

Your grades are based on individual quizzes (20%), group assignments (15%), two midterm exams (20% each), and a final exam (25%).

**Quizzes:** All quizzes are distributed on compass a week before its due date. There is one quiz corresponding to each lecture. Quizzes are due a day after the lecture, that is Wednesdays and Fridays by 11:30pm. Quizzes must be submitted by the due date and time to be graded. There is no extension (not possible technically). You are allowed unlimited attempts at each quiz before the due date and time; only the attempt with the highest score will be counted. You can drop **two** sets of quizzes with the lowest grade.

**Assignments:** You can download all assignment from compass. Assignments are done in groups of two. You can form the group based on your own preference. There are 12 sets of assignments in total. **Two** sets with the lowest grade will be dropped. All assignments are due on Tuesdays at the beginning of the class. No late homework will be accepted after I walk out of the classroom on the due dates. The last set of homework is collected in my office at 18A DKH on the reading day (Thursday May 7th, 1-3pm)

**Exams:** All exams are non-accumulative. All exams consist of multiple choices. Two midterms are scheduled in class on Feb. 20th and March 26th; both are on Thursdays. The final exam is scheduled on Monday, May 11th, 7-9:30pm. Please let me know as soon as possible if you have known conflicts with

these dates. Should an unforeseeable event arise, you must contact me *before or within 24 hours of the exam*; otherwise you will automatically receive a zero grade.

To qualify for a make-up exam, you must provide proof to show that you physically can't be present to take the exam on the scheduled exam dates. In the case that you are ill, an absence letter from the Student Assistance Center in the Office of the Dean of Students (3rd floor of the Turner Student Services Center. Phone 333-0050) also has to be provided to me eventually.

All exams have **randomly assigned seating**. Check Compass Gradebook for your assigned seat. On the day of exam, you must bring your student ID. Other than calculators (scientific, graphing, accounting, or four-function) and writing utensils, no other items are allowed to be with you during exams. Scratch paper will be provided to you, if needed. All electronic devices must be turned off and put in your backpack, stacked away from you. Students found to be using unapproved items are in violation of the Academic Integrity Policy of the University and will be subject to disciplinary action. There is **no bathroom breaks** during the exam. If you walk out of the classroom for any reason during the exam before it ends, it will be treated as if you turned in your exam.

**Re-grading:** All re-grading requests must be made no later than one week after exams are returned to you.

**Students with disabilities:** Students who require non-standard examination conditions please let me know as soon as possible. You should arrange with the Testing Accommodations Center (TAC) through Disability Resources and Educational Services (DRES) to take all exams. To contact TAC you may visit 1207 S. Oak Street, Room 136, Champaign, call 333-4604, or email [dres-testing@illinois.edu](mailto:dres-testing@illinois.edu). Please aware that TAC has recently changed their exam scheduling policy. Go to the following website for details. <https://www.disability.illinois.edu/academic-support/accommodations/testing-accommodations>.

**Honor code:** All types of cheating are strictly prohibited. Academic misconduct will be handled according to the University Academic Integrity Policy.

### **Outline of the Course**

Section 1: Money and bond market (Chapter 1-5)

Midterm exam 1

Section 2: Other financial instruments and banking industry (Chapter 6-7, 9-12)

Midterm exam 2

Section 3: Central bank, foreign exchange, and monetary policy (Chapter 2.5, 8, 13-16, 18)

Final exam

**Final Exam Policy** is available at: [http://studentcode.illinois.edu/article3\\_part2\\_3-201.html](http://studentcode.illinois.edu/article3_part2_3-201.html)

From the University's final exam conflict policy:

Any student having more than two consecutive final examinations is entitled to rescheduling as follows if he or she takes the following action no later than the last day of classes:

- The student must investigate whether a conflict examination is being held at another time for any of the examinations involved.
- If a conflict examination has been scheduled for any of the courses, the student must take one or more of these conflict examinations. If conflict examinations are offered for more than one course, the student must take the conflict for the course that has the largest number of students.
- If no conflict examinations have been scheduled, the student must contact the instructor of the course having the largest number of students. The contact must be made no later than the last day of classes, and that instructor must provide a makeup examination.
- Normally in a semester several combined-sections, conflict, and noncombined examinations are given at the same time. As a guide to resolving conflicts, an order of priority has been established within each examination period, and a student should resolve a conflict using the published examination schedules and the following priority guidelines.
  - National and state professional examinations (e.g., CPA, actuarial science, Architecture Registration Examination) take priority over campus final examinations. An instructor must offer a conflict examination to a student scheduled to take a national or state professional examination and a campus final examination at the same time.
  - A noncombined course examination has precedence over any combined-sections or conflict examination.
  - A department offering a combined-sections final examination must provide a conflict examination if required to accommodate student conflicts.

**Academic Integrity Policy** is available at [http://studentcode.illinois.edu/article1\\_part4\\_1-401.html](http://studentcode.illinois.edu/article1_part4_1-401.html).

“The University has the responsibility for maintaining academic integrity so as to protect the quality of education and research on our campus and to protect those who depend upon our integrity.

*Expectations of Students.* It is the responsibility of each student to refrain from infractions of academic integrity, from conduct that may lead to suspicion of such infractions, and from conduct that aids others in such infractions. Students have been given notice of this Part by virtue of its publication. Regardless of whether a student has actually read this Part, a student is charged with knowledge of it. Ignorance is not a defense.”

### **Emergency Response Recommendations**

The university maintains guidelines for emergency responses. A list of recommendations when to evacuate and when to find shelter are available at:

[http://illinois.edu/cms/2251/general\\_emergency\\_response\\_recommendations\\_8\\_16\\_13\\_final.docx](http://illinois.edu/cms/2251/general_emergency_response_recommendations_8_16_13_final.docx)

Floor plans for specific buildings are available at:

<http://police.illinois.edu/emergencyplanning/floorplans/>