

Professor Brock
Office and email: Savery 326, plbrock@uw.edu
Office Hours: Tuesdays after class
Thursdays, zoom 11:50am-1:10pm

Spring 2022

Classroom: Savery 131, Zoom
Time: TTh 4:30-6:20

Econ 421: Money, Credit, and the Economy

“The man who borrows in order to spend will soon be ruined, and he who lends to him will generally have occasion to repent of his folly.”

Adam Smith, *Wealth of Nations*

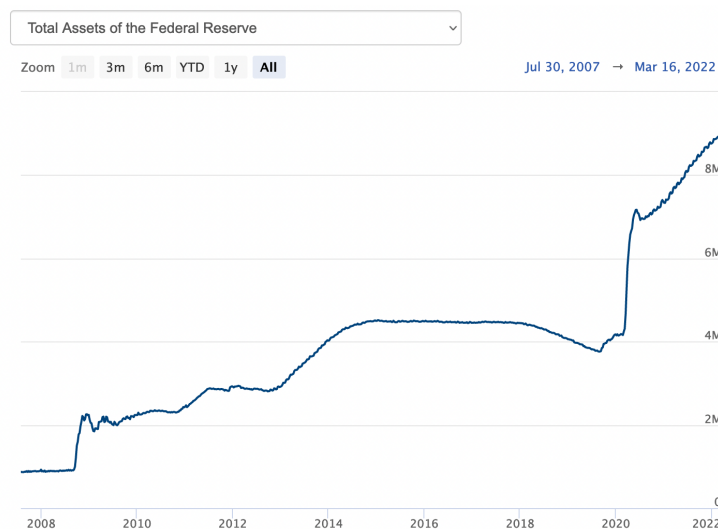
This course is centered on “financial economics”. The course emphasizes three foundational topics:

1. **Financial Assets as Stores of Value**
2. **The Supply and Demand for Liquidity**
3. **Securitized Banking**

- The class will meet in person on Tuesdays (March 29; April 5, 12, 19, 26; May 3, 10, 17, 24, 31).
- On Thursdays (March 31, April 7, 14, 21, 28; May 5, 12, 19, and 26; June 2) the class will meet remotely through Zoom.

Two current issues covered by the course will be:

- The Fed’s Balance Sheet



- Cryptocurrencies



Course Books:

Money, Banking, and Financial Markets by Stephen Cecchetti and Kermit Schoenholtz. Fifth Edition 2017.

Misunderstanding Financial Crises: Why We Don't See Them Coming by Gary Gorton. Oxford University Press, 2012.

Course Coverage:

- Lectures will form the most important part of the class and exams.
- Material in Chapters 1-7, 11-14, and 18 of the textbook. The course will also cover several chapters in Gary Gorton's book (I will put scanned copies on Canvas). I have several handouts that cover bank balance sheets, securitization, and the Fed's operating procedures for monetary policy.
- Class discussion of current events (in the U.S., Europe, and China) is also important and will form part of the material on the exams.

Course Website:

<https://canvas.uw.edu/courses/1547146>

This website will have the syllabus, class notes, practice problems, and journal articles.

Use of email:

I will answer simple, clarifying email questions. **For other questions, you will need to come to office hours.**

Grading Policy:

Quizzes: Your grade will be partially based on five quizzes on material in the textbook and other course readings. The quizzes will be on April 5, 12, and 19; May 10, 17. The class website will contain an announcement of the relevant material for the quizzes prior to each quiz.

- I will count your top four quiz results. Each of the top four quiz results will be worth two percent of your grade. Missing a quiz for any reason will result in a zero for that quiz.

Problem Sets: There will be two problem sets, one due on April 26 and the other on May 24. Each problem set will be worth six percent of your grade.

Exams: Midterms Tuesday May 3 and Tuesday May 31
There is no final exam

- Each exam is worth 40 percent of your grade. The exams will cover all lectures, material in the books, handouts, and class discussions of current events.
- If you miss one of the two exams you will be given an incomplete for the course, provided that you have been attending class and taking the quizzes. *University procedures will be followed for converting the incomplete to a grade.* The relevant portion of university procedures for incompletes is included on the following page of the syllabus.
- Missing both exams will automatically result in a failing grade.

Religious Accommodation:

- The UW has developed a policy for accommodation of student absences or significant hardship due to reasons of faith or conscience, or for organized religious activities. The UW's policy, including more information about how to request an accommodation, is available at: <https://registrar.washington.edu/staffandfaculty/religious-accommodations-policy/>

Recommendation letters:

- **Graduate School:** I am happy to write letters of recommendation for students who get a 3.8-4.0 in the course, have an overall GPA of at least 3.7, and have taken at least Math 124, 125, and 126. Ideally, students that I write letters of recommendation for should have a minor in math or statistics in addition to an economics major.
- **Job References:** My requirements are more flexible than for graduate school and depend on the type of job.

University Procedures for Incompletes

http://www.washington.edu/students/genclat/front/Grading_Sys.html#GRADING

Incomplete - An Incomplete is given only when the student has been in attendance and has done satisfactory work until within two weeks of the end of the quarter and has furnished proof satisfactory to the instructor that the work cannot be completed because of illness or other circumstances beyond the student's control. A written statement of the reason for the giving of the Incomplete, listing the work which the student will need to do to remove it, must be filed by the instructor with the head of the department or the dean of the college in which the course is given.

To obtain credit for the course, an undergraduate student must convert an Incomplete into a passing grade no later than the last day of the next quarter. For Spring Quarter, the following quarter is considered to be Fall Quarter. The student should never reregister for the course as a means of removing the Incomplete. An Incomplete grade not made up by the end of the next quarter is converted to the grade of 0.0 by the Office of the University Registrar unless the instructor has indicated, when assigning the Incomplete grade, that a grade other than 0.0 should be recorded if the incomplete work is not completed. The original Incomplete grade is not removed from the permanent record.

An instructor may approve an extension of the Incomplete removal deadline by writing to the Graduation and Academic Records Office no later than the last day of the quarter following the quarter in which the Incomplete grade was assigned. Extensions, which may be granted for up to three additional quarters, must be received by the Office of the University Registrar before the Incomplete has been converted into a failing grade.

In no case can an Incomplete received by an undergraduate be converted to a passing grade after a lapse of one year.

In no case shall an Incomplete on the record at the time a degree is granted be subsequently changed to any other grade.

An Incomplete grade does not count for registered hours nor in computation of grade-point averages.