

Hamilton College
Economics 307: Money, Banks, & The Economy

Professor: Sanjay Moorjani
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Office: Kirner-Johnson 217
Class Time: M/W 2:30-3:45 pm
Class Location: Kirner-Johnson 236
In-person Office Hours: Tuesday 1-3 pm
Zoom Office Hours: Saturday 3-4 pm. ([link](#))

Course Description

A study of the economics behind money, financial markets and the macroeconomy and how they are connected. How do financial markets work and how is the interest rate determined? Examination of the role of banks and other financial institutions in the economy. Analyzing the role of the Federal Reserve in the financial system, conduct of monetary policy and monetary theory.

Course Objectives and Goals

A central goal is to develop a clear analytical understanding of how the financial system and the macroeconomy interact. By the end of the course, you should be able to use economic reasoning and standard macro-financial tools to answer questions such as:

- **How does the financial system support the real economy?** What economic functions are performed by credit intermediation, maturity/liquidity transformation, and risk-sharing?
- **What roles do traditional banks and shadow banks play?** How do depository institutions differ from nonbank financial intermediaries (“shadow banking”) in how they fund lending, manage liquidity, and transmit financial stress?
- **How do macroeconomic fundamentals shape asset returns?** How does economic growth and its expectations influence the pricing and returns of bonds (interest rates, yield curves, term and risk premia) and stocks (equity premia, valuation, and the relationship between payouts and macro risk)?
- **How can the financial system affect macroeconomic outcomes?** How do changes in credit conditions, such as credit spreads, liquidity demand, and financial frictions, alter investment, aggregate demand, and ultimately GDP and inflation?

Developing a rigorous, graph-based and model-based understanding of these linkages will help you interpret major real-world episodes, most importantly, how disruptions in financial markets helped transmit and amplify shocks during the Great Recession, and how policy responses attempted to stabilize both financial markets and the broader economy.

Textbook

The required textbook for this course is *Intermediate Macroeconomics* by Julio Garín, Robert Lester, and Eric Sims. The book is available online at this [link](#).

Grading

Quiz I	5%	Feb 19 (7-8 pm.)
Quiz II	5%	Apr 15 (7-8 pm.)
Midterm I	20%	Mar 10 (7-9 pm.)
Midterm II	20%	April 29 (7-9 pm.)
Problem sets	10%	Submitted via Gradescope
Presentation	10%	Guidelines Below
Final Exam	25%	TBD
Improvement Bonus	5%	Guidelines Below

Office Hours

The best way to meet with me is during my scheduled office hours, that's the ideal time to stop by with questions.

Email works best for quick questions. I also encourage you to talk with classmates about the problem-sets working through ideas together is a great way to learn, but please make sure to write up your own answers independently.

Exams and Deadlines

Please mark the exam dates on your calendar now. If you have an unavoidable conflict, notify me within **first two weeks of the course**. There will be no **make-up exams or individual opportunities for extra credit**. The only valid excuse for missing an exam or homework assignment is a verified medical and/or family emergency.

Late Submissions

Late problem set submissions will not be accepted. To ensure fairness, each student will receive **two late vouchers**. Each voucher allows you to submit the work up to **48 hours after the deadline** without penalty.

- If the assignment is not submitted within that window, it will receive a grade of zero.
- To use a voucher, you must email me *before the deadline* with the subject line: *ECON 307 LATE VOUCHER*.
- I strongly recommend saving your vouchers for unforeseen emergencies.

Presentations

The main objective is to help you build the skill of using the models we learn in class to analyze real economic challenges and policy questions in a clear, analytical way. In other words, you will practice taking a model from the course and applying it to interpret an event or policy and communicate your reasoning effectively. Groups of two students will give a brief 15-minute presentation applying a model we learned in class to analyze a current or historical event. Full instructions, expectations, and grading details will be posted on Blackboard.

Improvement Bonus

To reward improvement over the semester, **5% of your final course grade** will be allocated as an *improvement bonus*. This component is computed by assigning an additional 5% weight to the highest score you earn on *one* of the following written exams: Midterm I, Midterm II, or Final Exam.

Software

- **Gradescope:** We will be using Gradescope for homework submission. Make sure you register and sign in for this class. Familiarize yourself with the software. You will need to upload your written material in pdf format.
- **Blackboard:** I will post information on Blackboard regularly. You are responsible for checking our class page often.

Resources

Hamilton College will make reasonable accommodations for students with documented disabilities. Students with disabilities should contact Allen Harrison in the Dean of Students Office (Elihu Root House, x4021). If you have a documented disability, please make an appointment to see me in the **first two weeks**.

If, at any time, you feel overwhelmed, anxious, depressed, or in danger of harming yourself or others, please reach out for support. The Hamilton community cares about you, and is available to help. Campus Safety (315-859-4000) and the Counseling Center (315-859-4340 option 2) have people available 24/7. You can also contact: Associate Dean of Students for student support, Sarah Solomon at 315-859-4600, your faculty advisor, your RA or the Area Director in your residence hall.

Policies

All rules and regulations of the Honor Code apply. This includes turning in assignments or exams that reflect your own understanding of the material. Copying someone else's work is a violation of the Honor Code and a waste of your time, as it will not help with your learning. Allowing someone else to copy your work or sending/sharing a copy of your assignments is also a violation of the Honor Code. If you worked with others, you should list their names at the top of the assignment and indicate any other sources of help. I encourage you to review the Hamilton College [Honor Code](#). If you have any questions, please reach out so I can clarify what constitutes academic dishonesty in this class.

Attendance is mandatory, and I expect students to be present at all class meetings. Attendance will count toward your **class participation grade**. Please let me know in advance if you plan to miss class for any reason.

You are expected to check the Blackboard course pages regularly for announcements and assignments.

AI Use Policy

By enrolling in this course, you agree to use AI tools (such as ChatGPT) **only within the parameters set by me**.

- Any discovered use of AI tools to complete assignments in ways not previously discussed with me will result in an automatic grade of zero for that assignment.
- If you have ideas for how to use AI tools productively or if you have used them in other ways to enhance your learning, please share them with me. I am open to adapting assignments to make use of these tools in new and effective ways.
- If you choose to use AI, you must cite it as you would any other referenced work, and you are required to document when and where you have used it. Please be aware that AI-generated material may vary in quality, and can often be inaccurate or incomplete.

Additional Assistance

- [Quantitative & Symbolic Reasoning Tutoring](#) – Facilitated group study + Drop-in tutoring
- [Data Science Tutors](#)
- [Writing Center](#)
- [Oral Communication Center](#)

Check Blackboard for additional information and updates.

Date	Day	Lecture	Topic	Chapter	Due
1/21	W	1	Introduction & The Basics of Banking	31	-
1/26	M	2	The Basics of Banking	31	-
1/28	W	3	The Basics of Banking	31	-
2/2	M	4	The Money Creation Process	32	PS1
2/4	W	5	The Money Creation Process	32	-
2/9	M	6	The Money Creation Process	32	-
2/11	W	7	The Money Creation Process	32	-
2/16	M	8	A Model of Liquidity Transformation and Bank Runs	33	PS2
2/18	W	9	A Model of Liquidity Transformation and Bank Runs	33	-
2/19	Th		Quiz I — Material from Lecture 1 to Lecture 7		
2/23	M	10	A Model of Liquidity Transformation and Bank Runs	33	-
2/25	W	11	A Model of Liquidity Transformation and Bank Runs	33	-
3/2	M	12	Bond Pricing and the Risk and Term Structures of Interest Rates	34	PS3
3/4	W	13	Bond Pricing and the Risk and Term Structures of Interest Rates	34	-
3/9	M	14	Bond Pricing and the Risk and Term Structures of Interest Rates	34	-
3/10	T		Midterm I — Material from Lecture 1 to Lecture 13		
3/11	W	15	Bond Pricing and the Risk and Term Structures of Interest Rates	34	-
Spring Break					
3/30	M	16	The Stock Market and Bubbles	35	PS4
4/1	W	17	The Stock Market and Bubbles	35	-
4/6	M	18	The Stock Market and Bubbles	35	-
4/8	W	19	The Stock Market and Bubbles	35	-
4/13	M	20	Financial Factors in a Macro Model	36	PS5
4/15	W	21	Financial Factors in a Macro Model	36	-
4/15	W		Quiz II — Material from Lecture 14 to Lecture 19		
4/20	M	22	Financial Factors in a Macro Model	36	-
4/22	W	23	Financial Factors in a Macro Model	36	-
4/27	M	24	Financial Crises and The Great Recession	37	PS6
4/29	W	25	Financial Crises and The Great Recession	37	-
4/29	W		Midterm II — Material from Lecture 14 to Lecture 23		
5/4	M	26	Financial Crises and The Great Recession	37	-
5/6	W	27	Financial Crises and The Great Recession	37	-
5/11	M		Model Based Policy Analysis Presentations		PS7
TBD			Final Exam — Material from Lecture 1 to Lecture 27		

Note: The Class Schedule is subject to change. Any changes would be communicated via Blackboard announcements.