Why should I take this course?

Because central banks are the single most important agents operating in financial markets! Kuroda, Yellen and Draghi are household names for good reason—if you have never heard of them then you can stop reading. It is surely worth devoting one of your twenty classes to trying to better understand Central Banks.

Furthermore, if you had already graduated I suspect you would be willing to pay more than the tuition cost of this class just to hear the guest speakers. So even if you had pay the marginal cost of a 21st class it would make sense.

Who will be the guest speaker?

Karolina Ekholm is a deputy governor of the Swedish Central Bank. Sweden has an interesting track record of targeting inflation and has had a large increase in housing prices since the crisis. They have had to make hard decisions about tradeoffs between traditional monetary policy objectives and financial stability.

What is the difference between this class and Money and Banking?

This class is entirely devoted to central banking – we will spend virtually no time studying conventional banks. Usually at least 40% of the time in Money and Banking is earmarked for the analysis of commercial banks and other financial intermediaries.

Second, in the context of studying central banks we will take a global focus. I will spend several weeks on the ECB, the Bank of England, the Bank of Japan, the Argentine central bank, and the National Bank of Greece. In the Money and Banking, foreign central banks are usually only tangentially covered.

Finally, this class will be more case and discussion oriented than Money and Banking. We will have a number of cases and class participation will count heavily for your grade – together accounting for at least 40% of the grade. There will be no midterm. Most instructors in Money and Banking primarily grade on exams and do few cases.

Many students tell me that taking both classes is useful and interesting.

What is the difference between this class and Analyzing Financial Crises?

This class is all about central banking. AFC touches only briefly on central banking. There is one week where I will cover Greece and a euro exit in both classes, but otherwise there is not much overlap. In general this class uses more tools from economics, whereas AFC is a finance course. There are many students who take both classes and tell me that there is little overlap.
Note that if you took AFC last year, then for the case on Greece I will use your score from the previous year for your grade on that case.

**Why do you grade so heavily on class participation? Doesn’t it give an “unfair” advantage to people who are more familiar with the material in the first place?**

Life is unfair. There are always plenty of people with whom you will be dealing who have a different background and perhaps have an edge. The sooner you accept this and stop worrying about it, the more time you have to make up for it.

Moreover, if you have had macroeconomics you have all the tools you need. Skipping the Booth course on macroeconomics is a big mistake unless you really know a lot of macroeconomics – if you don’t have the prerequisite then you really will be at a big disadvantage.

Finally, you will get more out of the class if you have to be prepared to discuss the material in class. If this material is going to be useful for your jobs you need to be able to use it in real time. The sooner you start practicing your arguments in front of others, the better you will become at using these skills. It has to be better to speak up and be challenged in this class, then to make a stupid trade or deal in the real world because you are confused about something.

This same concern about having people use the skills and making sure that there is a live dialogue in the class is why I do not allow pass fail grading (or auditors). It is too disruptive to have people shuffling in and out of class and/or not paying attention.

**Why do you penalize people for missed class time?**

The course is organized around discussions and if you are not present then you are definitely not learning the material and not contributing to the learning your classmates. Attending the class and being prepared are the two key things to succeeding in this course and grading reflects that.

**Why do you make us solve the cases on our own?**

I require some individual effort for the same reason that I grade the cases in the first place. Having a group where the members take turns doing the work undermines the learning. The point of the cases is to prepare you to get the most out of our class discussions; I do not expect most people to be able to fully answer the questions in advance, but I do expect you to understand the material once we have gone over it.

Keep in mind that I do allow you to discuss the cases, but I want everyone to have made a serious attempt on their own before any discussions start. (The percentage of your grade that will be determined by the case write ups is sufficiently low that anyone who makes a serious attempt at solving them will not suffer.)
Why don’t you give out solutions to the cases?

Because I want to be able to use these cases in the future. If the answers are distributed they will find their way into future students’ hands and ruin the cases. I am very happy to go over the details of what I put up in class with you individually or in groups.

What has changed since the last time you taught the class?

I have a different guest speaker: which means that 10% of the material will be totally new. I have changed one case on quantitative easing. Also, a lot has changed in the world over the past year. So another 15% of the class material will have changed because of events in the world.

Can I see a detailed week-by-week outline of the topics we are going to cover?

Yes, you can download the syllabus and it gives all of this information on the last page of the document. If after reviewing the syllabus you still have questions, please send me an email and I will try to answer them.

Why don’t you allow auditors?

Because I get a huge number of requests and especially for the guest speaker we would have a stampede of people cherry-picking those classes. There is no way for me to fairly determine who does and does not have a legitimate constraint that precludes taking the class for credit. So I advertise in the curriculum guide that auditors are not permitted and no one who does any investigation at all about the class can be surprised about this policy.