The purpose of this course is to explore the structure and development of the system of money and finance which operates in the U.S. economy today. The topics in money and finance which we will examine are listed below along with the readings assigned for them. In general, this course will focus on financial institutions, such as commercial banks, and financial markets, such as the stock market. We will see how financial institutions channel the flow of money in our economy and how financial institutions intermediate between saving and investment. We will look in some detail at the history, structure, and behavior of the banking industry and at how recent legislation and related developments should affect the performance of that industry. We will look at who participates in our financial markets and how they supply or obtain the funds necessary for investment or consumption spending. Towards the end of the course, we will look at the macroeconomic effects of the monetary-financial system and we will undertake a brief examination of how monetary policy is conducted and how our previous analysis of the monetary-financial system helps us to understand the effects of policy. Our main goal, however, is to see how the financial system operates through financial institutions and financial markets. This hopefully will enable us to get a clearer view of the macroeconomic and policy aspects of money and finance when we get to them.

The textbooks assigned for the course are Lester V. Chandler, The Monetary-Financial System and Paul M. Horvitz, Monetary Policy and the Financial System. If you don't wish to buy both books, you should find a partner and between the two of you buy both books and share them. This is a very good way to save money and maintain all the access to the books that you will need. The only other required purchase will be a subscription to the Wall Street Journal at a cheap student rate. I will pass around a sign-up sheet on the first two days of class to order the Journal for you. Under topic III on the reading list are three chapters from Ross M. Robertson, History of the American Economy. This book will be on reserve at the library, and the three chapters are also available at Kinko's for your purchase, if you so desire (109 pages).

The required assignments for the course are a midterm exam (25% of your grade), a 5-10 page paper (35%), and a final exam (40%). The midterm will be in October. The paper is to be on a topic of your choosing having to do with the monetary-financial system. A list of suggested topics will be given out around the end of September. The papers will be due by Nov. 16, and late papers will be penalized.

The topics we will cover and the reading assignments for each one follow.

I. Money and Finance
   Chandler, Chaps. 1,2,3,4
   Horvitz, Chaps. 1,2

II. Financial Intermediation
    Chandler, Chap. 5

III. The History and Structure of Financial Intermediaries: Commercial Banks
     Chandler, Chap. 6
     Horvitz, Chaps. 3,4,5,6,7,9
     Robertson, Chaps. 7,13,20

IV. Other Financial Intermediaries
    Chandler, Chap. 7
    Horvitz, Chap. 10

V. Financial Markets
   Chandler, Chaps. 8,9,10
   Horvitz, Chap. 8

VI. International Finance
    Chandler, Chap. 11
    Horvitz, Chap. 15

VII. Finance and Investment
     Chandler, Chap. 12
     Horvitz, Chaps. 11,12,13,14

VIII. Macroeconomic Aspects of Money and Finance
      Chandler, Chap. 13
      Horvitz, Chaps. 21,22,23,24,25

IX. Central Banking and Monetary Policy
     Chandler, Chap. 14 - Horvitz, Chaps. 16,17,26