SYLLABUS

This course is about the nature and function of money in a modern economy and about the workings of those institutions in our economy which deal in the service of providing money. It may immediately occur to you if you think about it that you aren't quite sure what money is, or perhaps, what is and what isn't money. We will endeavor to show that there is good reason for such confusion and that such confusion is at least partly responsible for the controversy that rages and has raged for several centuries as to what should be the proper attitude economists, policy-makers, and society should take towards money and its role in affecting the well-being of our economy. You probably have a better idea about what banking is, and maybe you don't know a lot about what banks and other financial institutions actually do. Learning more about what financial institutions do and about what transpires in financial markets will shed a great deal of light on the question of what is money.

Our exploration of the subject matter of this course will be undertaken by readings from a textbook, Gary Smith, Money and Banking, available for purchase at the bookstore, from some articles that will be placed at Kinko's Copy Center, and from The Wall Street Journal, to which you are required to have a subscription. You will find (I hope) that reading the Journal will be very valuable and even fun as a way of getting a handle on what is going on right now in the economy and most importantly for this course, what money has to do with that. I will pass around a sign-up sheet for subscriptions at a student rate the first few days of class, and you should start receiving the Journal about three weeks after that. I intend (or at least hope) that lectures and class discussions will organize the course material to make what you are reading more intelligible and to make clear what the key points are and how they go together in a coherent structure of argument to reveal the most widely-held notions of just what the role of money and financial institutions in our economy is.

Also of course I have to give you tests and the like to help you organize your understanding and learn some things and to give you a grade, which may be useful in telling you how well you are understanding, but which I urge you not to take any more significantly than that. So, we will have our first test after finishing Topic II (see the following page), a second test after Topic V, and a final exam. The first two tests will each count 30% of your grade, and the final 40%. You can substitute a term paper for the second test. It should be between 5 and 10 pages long, the topic must be approved by me, and if it is not turned in by the date of the second exam, you must take the exam. Those who are enrolled here in Econ. 511 must write the paper.

On the following page are listed the broad topics of the course and the readings that go with each.
I. What is money:
   Smith, Chaps. 1-3
   Robert Clower, "Introduction" to Monetary Theory
   Leland Yeager, "The Medium of Exchange"
   Hyman Minsky, "Frank Hahn's Money and Inflation: A Review Article"

II. Financial assets and financial markets
    Smith, Chaps. 4-7

III. Household and business financial behavior
     Smith, Chaps. 8-9

IV. Financial intermediaries
    Smith, Chaps. 10-11
    Ross Robertson, History of the American Economy. Chaps. 7, 13, 20

V. Government intermediation
    Smith, Chaps. 12-13
    Henry Kaufman, "Financial Institutions in Ferment"

VI. International considerations
    Smith, Chap. 15
    Minsky, "Monetary Policies and the International Financial Environment"

VII. Monetary policy and macroeconomic aspects of money and finance
     Smith, Chap. 14 and pp. 507-517
     Milton Friedman, "The Control of Money"
     Richard Cooper, "The Role of Monetary Policy"
     James Tobin, "Commercial Banks as Creators of 'Money'"
     Joan Robinson, "The Rate of Interest"
     "Prices and Money"
     Michal Kalecki, "Political Aspects of Full Employment"
     Tracy Mott, "Monetary Policy in a Kaleckian Framework"
     Minsky, "Financial Innovations and Financial Instability: Observations and Theory"