This course will emphasize recent developments in money and banking, with particular attention paid to recent regulatory changes and federal budget deficits. The effectiveness of monetary policy in light of these recent developments will be thoroughly examined. A basic knowledge of the principles of economics at the 201/202 level is assumed. A knowledge of basic mathematics is also assumed. Grades will consist of two midterms and a comprehensive final. The midterms count for 30% each, the final 40%.


I. Institutions
   Introduction: Chs. 1, 2

   Credit Instruments and Interest Rates: chs. 5, 6, 7
   Kane, Edward J. Accelerating Inflation, Regulation and Banking Innovation

   Financial Intermediation: chs. 8, 9, 11, 12
   Bentson, George J. Federal Reserve Membership
   Fand, David. Can the Central Bank Control the Money Stock?

   Regulation: ch. 10

1ST MIDTERM

II. Theory
   Economic Models: ch. 15

   Neoclassical Monetary Theory: chs. 16, 17, 18
   Friedman, Milton. Factors Affecting the Level of Interest Rates

   Keynesian Monetary Theory: chs. 20, 21

2ND MIDTERM
III. **Policy**

Read chapters 19, 22, and 23


IV. **Deficits**


**FINAL EXAMINATION**