This course will emphasize recent developments in money and banking, with particular attention paid to changes in global financial markets. Recent regulatory changes at home and abroad will be studied and the effectiveness of monetary policy in light of these developments will be thoroughly examined. The changes brought on by high federal budget deficits will also be studied, and the constraints they impose on monetary policy will be considered. A basic knowledge of economics at the 201/202 level is assumed. A knowledge of basic mathematics is also assumed. There will be three grades, each counting for one third of the total. A midterm will be given after the first, institutional section of the course. A comprehensive final will be given during the final examination period. The third grade will be an eight to ten page typed paper, the topic chosen from a list of subjects provided by the instructor. Note: The title page and bibliography are not counted in the length of the paper. Further, the paper is due at the start of class on Tuesday, 2 December. A letter grade will be subtracted for every day past 2 December that the paper is late.


Additional readings at Kinko's.

I. Institutions

Introduction: Chps. 1, 2

Credit Instruments and Interest Rates: Chps. 5, 6, 7

Financial Intermediation: Chps. 8, 9, 11, 12

The Euromarkets and the Globalization of Finance:

Plus: Readings from Euromoney on Euronotes, Eurobonds and Swaps.

Central Banking: Chps. 13, 14

Regulation: Ch. 10

Change in the City of London,
"The Big Bang"

"How to Survive the Big Bang" Euromoney

"Big Bang Briefs," The Economist

MIDTERM