This course is about money, financial institutions, and the monetary-financial system in a modern economy. We will therefore focus on such topics as: what money is, how money is provided in our economy, what kind of institutions deal in providing and exchanging money, and how money and finance fit into the working of our economic system.

Required reading for this course is in Paul Meyer, Money, Financial Institutions, and the Economy, and Burton Malkiel, A Random Walk Down Wall Street, both available for purchase at the bookstore, and in a small packet of readings available at Kinko's Copy Center across the street. Students are also requested to sign up for a subscription to The Wall Street Journal. (Sign-up sheets will be passed out to let you order it at a student rate.) We will use the Journal almost every class to tie what we are doing into the actual proceedings of the financial system.

Hopefully, this combination of readings plus the class lectures and discussions will enable us to examine the workings of our financial institutions and financial markets in some detail, while tying these institutions into the bigger picture of the overall functioning of the economy as well. The course exams, on which your grade will be based, are intended to reinforce this. There will be two exams, one shortly before spring vacation and one at the scheduled time in the final exam period. Your highest score will count 2/3 of your grade and your lowest 1/3. If you wish to write a term paper, each of the two exams and paper will count 1/3 of your grade. The paper should be between 5 and 10 pages long, the topic must be approved by me, and it must be turned in by the last day of classes. Those who are enrolled in Econ. 511 must write the paper.

Below are listed the topics of the course and the readings that go with each:

**Topic I:** Some Things About Money
Meyer, Chaps. 1-2

**Topic II:** Financial Markets
Meyer, Chaps. 5-8, Malkiel, Chaps. 1-9, 11

**FIRST EXAM**

**Topic III:** Financial Intermediaries
Meyer, Chaps. 9-11

**Topic IV:** Commercial Banking
Meyer, Chaps. 12-15

**Topic V:** Central Banking
Meyer, Chaps. 3-4, 16-17

**Topic VI:** Monetary Policy
Meyer, Chaps. 18-20
Milton Friedman, "The Case for Overhauling the Federal Reserve"
James Tobin, "Monetarism: An Ebbing Tide?"
Preston Martin, "Monetary Policy Over the Next Decade"

**FINAL EXAM**