MONEY AND BANKING
Economics 4111/5111-01 Fall 1992
Instructor: Don Roper
Office hours: TWH 2-3pm Rm 14

The course explores the theory and practice of Western monetary arrangements. Topics are indicated by the titles below. Grades will be based on the best three scores from four exams including the (comprehensive) final. The first exam is objective, the final is short essay, and the other exams are a mixture of the two. Make-up exams are oral. The exams are scheduled for Sept 24 (Thur), Oct 29 (Thur), Nov 24 or (class choice) Dec 1, and (the final exam) Dec 15 (Tue) 7:30am.

Section I of the course introduces some basic mechanics of banking and interest rates which is followed by a discussion of the current debt crisis and the theory of indexation. Section II focuses on the demand for and neutrality of money, especially as the concepts evolved during the monetary controversies of the late 19th century and 1930s. Section III concerns the evolution of Western monetary arrangements (from the gold standard through Bretton Woods, managed floating and European Monetary Union). The course concludes with a discussion of alternative future monetary arrangements. The text for the course is a (two-part) packet at Campus Copies written by the instructor. Other readings are on reserve in Norlin.

I. Banking, Debt Instruments, & Indexation
Central And Commercial Bank Liabilities
Program for Monetary Stability Milton Friedman pp. 65-76
Yields, Capitalization Theory, Present Values And All That
Causes and Consequences of the Debt Crisis
How Might Disinflation Interact with Debt to Produce Depression?
“Debt for Nature Swaps” Jose Castaneda 1990
Secrets Of The Temple, William Greider pp. 86-123
“Agony of the Federal Reserve” Sanford Rose Fortune
Indexation And The Government “Deficit”
“Using Escalators to Help Fight Inflation” Fortune Milton Friedman

II. Theory and Historical Controversy
What Is The Demand For Money?
What Is The Demand For Money? – Further Reflections
Program for Monetary Stability Milton Friedman Ch. 1
Late Nineteenth Century US Monetary Controversy
Keynes Lecture to the Institute of Bankers 1922
“The Economic Consequences of Mr. Churchill” Keynes 1925
Keynes’ Views On External Monetary Conditions And Great Depression
Purchasing Power Parity
Reconsideration Of Roosevelt’s 1933 Devaluation Of The Dollar
The Great Contraction Milton Friedman
Gold, Debt And The Great Depression
“Chicago Plan for 100% Reserve Banking” by Ron Phillips
“Debt-Deflation Theory of the Great Depression” Irving Fisher (1933)
Debts and Recovery: 1929-1937, 20th Century Fund, Ch 8 (1938)

III. Evolution Of Monetary Arrangements
Evolution Of Money
“Free Exchange Rates” Milton Friedman
What’s Money?
How To Eliminate Sustained Inflation
Competitive Monies And A Real Standard