This course will cover relevant topics in the money and banking field as they relate to economic and financial issues. This will include coverage of banking institutions and their evolution, stock market theory, monetary policy and international banking. Emphasis will be placed on current events which affect the monetary and banking system.

At the present time the banking system is undergoing major reforms which will affect the future development of the banking system. The ramifications and resulting structural changes to the banking system are only beginning to be understood. As a result, students are encouraged to follow the evolution of these matters and participate in class discussions of their importance.


**Alternative Text:**  *Money and Capital Markets*, 4th edition (1992), by Peter Rose (Irwin)

There may be a few additional readings made available through Kinkos and the library's reserve desk.

**Optional readings:**

The *Wall Street Journal*. With regard to domestic and international banking and monetary issues the *Wall Street Journal* provides one of the most current and educational series of writings available. As this class will cover issues as they develop, the *Journal* will be the main source of information. Students who have read the *Journal* will understand and be better able to contribute to the discussions held in class.

**Grading:**

There will be 2 midterm exams, each counting for 30% of the grade and a comprehensive final which will count for 40% of the grade. In addition students may write an optional paper for extra credit which covers an important issue of their choice. Classroom participation in the discussion of current events is highly encouraged. Although not directly counted in the grade, students who participate and contribute may have their final grade improved. For example, a person with an B+ average could be bumped up to an A-. Participation is optional, students who choose not to participate will not be penalized in any way.
Outline

I. Introduction

II. Macroeconomic overview

III. The Financial Structure  Chapters 1-6, 8 & 27
   - The Definition and Role of Money  Chapter 1
     (Rose C2)
   - Financial Institutions & asset markets  Chapters 2, 3
     (Rose C1, 3, 20, 21)
   - Structure of Interest Rates  Chapter 4
     (Rose C7-10)
   - Depository Institutions and History  Chapters 5, 6, 27
     (Rose C4, 5)
   - Federal Reserve Board  Chapter 8
     (Rose C22)

IV. The Supply of Money  Chapters 11, 12
   (Rose C13-15)

V. Monetary Theory  Chapters 15, 16, 18, 19
   - Demand for Money  Chapter 15
   - Monetarist & Keynesian Business Cycle  Chapters 18, 19

VI. Monetary Policy  Chapters 20 through 26
   (Rose C23, 24)
   - Essentials of Monetary Policy  Chapters 20, 21, 22
   - Effects of Monetary Policy  Chapters 23 - 26

VII. The Savings and Loan Crisis  Chapters 5, 9
    (Rose C5)

VIII. International Banking and Debt  Chapter 7, 28
     (Rose C17, 27-29)

Midterm Examination #1: Friday, October 2
Midterm Examination #2: Friday, November 13

Final Examination: Saturday, December 12, 7:30-10:30(pm)