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, 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.


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

- The Definition and Role of Money
- Financial Institutions
- Structure of Interest Rates
- Depository Institutions, History, Regulation and Reform

IV. The Savings and Loan Crisis

V. The Federal Reserve Board and Monetary Policy

- The Money Supply and Money Multiplier
- The Demand for Money
- Monetary Policy

VI. International Banking and Exchange Rates

Midterm Examination #1: Friday, Feb. 26
Midterm Examination #2: Monday, April 5
Final Examination: Monday, May 3

Spring Break: March 22-26