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 exams are short essay. Make-up exams are oral. The exams are scheduled for Feb 11 (Thur), Mar 16 (Tue), and Apr 22 (Thur).

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 money and the role of debt in the Great Depression of the 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 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
   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
   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
   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