The course explores the theory and practice of Western monetary arrangements. Grades are based on four short exams plus a comprehensive final. Grades going into the final are based on the best three of the four exams. The weight given to the final exam is the equivalent of one short exam. The exams are short essay and make-up exams are oral. The schedule for exams is

Sept 21 (Tue), Oct 14 (Th), Nov 9 (Tue), Dec 2 (Th)

The readings will be handouts and writings of the instructor supplemented by writings of other authors on reserve in Norlin Library. The course begins with background material on banking, interest rates, and an overview of the evolution of money. During the first section of the course it is strongly recommended that students review the chapters on banking, money and the balance of payments from any Principles text. Familiarity with chapters on this material from a Principles text is the prerequisite of the course and is assumed on Exam I.

The remaining course topics are indicated by the readings below.

I. Banks, Interest Rates, Exchange Rates: An Overview
   Central And Commercial Bank Liabilities
   Background on Yields, Capitalization
   Exchange Rates and the Gold-Exchange Standard

II. Historical Monetary Conflict and Theoretical Developments
   Evolution of Money
   Gold, Debt and the Great Depression
   “The Great Contraction” Chapter 7 of *Monetary Hist US* Friedman
   “Debt--Deflation Theory of the Great Depression” Irving Fisher (1933)

III. Inflation of the ’Seventies and Its Implications
   Equity Yields and the Stock Market
   Causes and Consequences of the Debt Crisis
   Theory of Real Rates and Own Rates
   “Using Escalators to Help Fight Inflation” *Fortune* Milton Friedman
   What’s Money?
   How To Eliminate Sustained Inflation
   Competitive Monies And a Real Standard

IV. Problems from the ’Eighties and Monetary Reform
   *Secrets Of The Temple*, William Greider pp. 86–123
   “S & L Crisis” Michelle Snider
   How Might Disinflation Interact with Debt to Produce Depression?
   Real Rates and Resource Exhaustion
   “Debt for Nature Swaps” Jose Castaneda 1990
   “Chicago Plan for 100% Reserve Banking” by Ron Phillips
   “Banking Reform from an Islamic Perspective” Mohammad Al-Osimi