MONEY AND BANKING
ECON 4111

ECONOMICS 4111: Fall 1996
Section: 002
OFFICE:
Econ 111
Phone: 492-8268

Professor: Akacem
OFFICE HOURS
14:25-15:25 T-Th
Class on T-Th 15:30-16:45

E-Mail: Akacem@spot.colorado.edu

COURSE DESCRIPTION:
This course will cover the relevant issues in the money and banking field, with an emphasis on institutions, policy and aspects of international finance. The course will also put emphasis on applied banking topics. Toward that end, I will have two or three guest lectures address the class during the semester. Topics will range from derivatives and their role in the financial market, to the securities and exchange commission role in the financial and capital markets of the United States. The course assumes that you are already well versed in Macroeconomics.

Part of the course will be spent discussing the Banking crises and Savings and Loans crisis in the United States. We will also look at the policy implications for the U.S. Financial system. We will also discuss the U.S. treasury's proposal to reform the U.S. banking system and the likely impact the reforms will have on the U.S. financial system. Should Deposit insurance be scrapped for example? We will also be discussing the role of monetary policy, and that of the Federal Reserve and their impact on the U.S. banks attempt to unload part of their third world debt in the secondary market. All of this will depend on the speed with which we cover the material, the guest lectures etc...

We will finish off with a couple of lectures on the stock market crash of 1929 and 1987 and make comparisons. More importantly, we will look at the role or lack of the Federal Reserve in both crashes. Towards the end of the semester (time permitting), we will cover other topics such as the new proposal to reform the U.S. banking system by the Treasury Department.


2. Material on Reserve at the Library:

   2. There will be other material on Reserve. Articles from the Federal Reserve Bank of San Francisco and others will be place on Reserve for your use. I will be passing a detailed list later. This material is in addition to the main text. I highly recommend you read it, PARTICULARLY when it is assigned.

   3. The list of readings will be given to you together with a tentative timetable that would correlate with the main course outline.
3. **READING OF THE WALL STREET JOURNAL IS A MUST.**

I will pass the subscription forms in class. Articles from *The Journal* will be referred to in class throughout the semester. Old articles will be passed out in class.

4. **Tentative Course Outline:** The pace with which we will cover the material will determine if we stay close to this projected timetable. Also, we will have guest lecturers as well as view a tape or two as case studies. This may change some of the dates below.

**COURSE OUTLINE**

<table>
<thead>
<tr>
<th>Week One:</th>
<th>08-26 to 08-30</th>
<th>Chapters: 1, 2 and 3</th>
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<tr>
<td></td>
<td></td>
<td><strong>Introduction to Money and Financial Markets</strong></td>
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<td>pp: 3-12, 15-32 and 37-66 respectively</td>
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<th>Week Two:</th>
<th>09-2 to 09-06</th>
<th>Chapters: 1, 2 and 3 continued</th>
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<td>Same page numbers as for week One</td>
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<th>Week Three:</th>
<th>09-9 to 09-13</th>
<th>Chapters: 13, 14 and 15</th>
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<tr>
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<td>Optional: From &quot;Banking Regulation&quot; by Kenneth Spong, On Reserve, chapters 1, 2 &amp; 4</td>
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<th>Week Four:</th>
<th>09-16 to 09-20</th>
<th>Chapters: 13, 14 and 15 continued</th>
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<td>Same page numbers as for week Three</td>
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<th>Week Five:</th>
<th>09-23 to 09-27</th>
<th>Will finish 13, 14 and 15</th>
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<td>First test tentatively planned for this week</td>
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<td>You will be given the chapters and specific page numbers as well as any articles that we may have reviewed. You will also be given a review sheet the week before.</td>
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**A Case study: The S&L crisis**

**View Tape and review articles**

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<th>Week Six:</th>
<th>09-30 to 10-04</th>
<th>Chapters 19, 17 and 18</th>
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<th>Week Seven:</th>
<th>10-07 to 10-11</th>
<th>Chapters 19, 17 and 18 continued</th>
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COURSE OUTLINE: CONTINUED

Week Eight: 10-14 to 10-18 Chapters 20 and 21
Tools of Monetary Policy, pp: 500-521
and pp: 526-546

Week Nine: 10-21 to 10-25 Chapters: 18 - 20
The Federal Reserve
Second test tentatively planned for this week

Week Ten: 10-28 to 11-01 Chapter 4, pp: 70-93
Bonds and interest rates
The Junk Bond Market (lecture and assigned article)

Week eleven: 11-04 to 11-08 The stock market crash of 1987 and 1929
What was the Fed's role?
(Lecture and tape)

Week Twelve: 11-18 to 11-22 Tentative guest lecture on the following topics:
The market for derivatives
The Securities and Exchange Commission and Its role in regulating the market.

Week Thirteen: 11-25 to 11-29 Banking without Interest
A look at a banking system that use NO interest
Equity Finance revisited
Will distribute review for the last test
THANKSGIVING DAY 11-28 NO CLASS

Week Fourteen: 12-02 to 12-06 Review any outstanding material
Last Test

Week Fifteen: 12-09 to 12-13 Will give you the last test and
Hand you the last review for the comprehensive Final.
LAST DAY OF CLASS IS ON 12-10 (TUESDAY)

Week Sixteen: Exam Week. Optional Comprehensive Exam will be given
DURING EXAM WEEK

The above outline is only tentative. We will be reviewing as well as discussing some articles in class. This could change the outline a bit, but I will keep you informed as to our progress weekly.
NOTE: You will also be getting an outline for each lecture. This will help you follow the material covered.

5. GRADING:

You will have THREE (3) TESTS and an optional COMPREHENSIVE FINAL. THE OPTIONAL FINAL WILL REPLACE ONE OF THE TESTS. All TESTS will be in the form of ESSAY. YOU DO NOT NEED TO BRING A BLUE BOOK. Each test will count 1/3 of your overall grade.

6. TEST DATES:

The dates for the tests will be announced in class at least ONE week in advance. On average, you should plan for one test about every four weeks. You will be given a short test review questions. You will also be given a list of the chapters and page numbers and any articles that you need to review before each test.

7. Drop dates: Please make sure you check the deadlines for dropping the class in the fall schedule.