Money and Banking: Econ. 350  
Dr. A. Petro  
Fall, 1990


Topics and Assignments

I. Money and the Financial Circuit
   1. Money: definitions, functions, nominal and real.

   Text: Chapters 1, 2 & 4.


   F. Kempe, Quid Pro Quo, Wall St. Journal  

Assignment 1.

II. Commercial Banking
   1. U.S. structure
   2. Bank regulation - legislation

   Text: Chapters 9, 10 (read)


Assignment 2.

III. Commercial Banking Con’t.
   2. The bank problem.
   3. Innovations

   Text: Chapters 8 & 11.


Examination #1

IV. The Creation of Money
1. Mechanics
2. Extensions and implications
3. Money supply

Text: Chapters 12, 13 & 14

Assignment 4.

V. The Federal Reserve System
1. Structure: organization and functions
2. Balance sheet items
3. Short history of central banking
4. Monetary instruments
5. Monetary impact of the Treasury

Text: Chapters 15 & 17


Assignment 5

Examination #2

VI. Monetary Policy and Issues
1. Demand for money; interest rates.
2. Monetary transmission
3. Current monetary policy

Text: Chapters 16, 18, 19, & pp 121-135, pp 536-553.


Assignment 7

Final Examination
Grading policy:

Grades are based on the performance on three exams and the score for each written assignment. The exams are objective type: true-false, multiple choice, problems, etc., worth 100 points each. Each written assignment has a worth of 0-10 points. The grade scale is: A - 90%; B - 80%; C - 70%; D - 60%; F - less than 60%.

The final exam has an optional section worth 20-25 points and covers any material from those chapters not included on the final. The points earned are added to the points earned on exams and assignments, and then the grade would be determined according to the grade scale.

Attendance and Make-ups

Attendance is required and absences will be recorded. After three absences you will not be allowed to sit for the next exam. You are responsible for materials covered during your absences. Make-up exams will be given only during the last week of the semester.
Written Assignments

1. Write an analysis of the functions of money and how they operated in the P.O.W. camp and in Poland. (assigned readings) Insert Gresham's Law in your analysis. (3-4 pages)

2. a. Write a two page review on the readings on the topic banks and nonbanks.
   b. Summarize the main points of D.I.D. & MCA.

3. Write a one page review on the ways the higher interest rate risks of the 70’s were offset by innovations.

4. a. Handout problem #1. (class work)
   b. Handout problem #2.

5. a. Handout problem on the monetary instruments.
   b. Study questions.