Moravian College Fall 2005
EC 320  Course Syllabus
Money, Banking and Financial Markets

Instructor: Dr. James P. West, Professor, Department of Economics and Business
Moravian College

Office: 215 Comenius Hall
Phone 610.861.1381
e-mail westJ@moravian.edu

Office Hours: M, Th 1:15 – 2:15 p.m.,
T, Th 9:30 – 10:15 a.m.,
or by appointment

Course Description: History and theory of banking; structures of commercial banking; bank
management; money and capital markets. History of central banking, monetary theory and domestic
monetary policy. Debt management and liquidity policy. Sources and uses of funds. Current
international economic policies and programs to maintain economic stability, economic growth and
other goals.

Course Objectives: The purpose of this course is to provide you with a comprehensive introduction
to the field of Money and Banking. Financial events dominate today’s business news and a clear
understanding of the organization of financial markets and institutions is essential to all business and
political decision makers. It is my objective to help you gain that understanding and to develop a
lasting interest in the subject of financial economics. In addition to the material discussed in the text,
the quickly changing financial environment will be monitored during the semester by using the The Wall Street Journal and other financial periodicals. Specifically students will:

- Understand the function and evolution of money and payments system
- Understand the role of financial markets and institutions including the important role of
  financial intermediaries.
- Understand and apply economic analysis surrounding security prices and interest rate
determination.
- Gain an appreciation of the role of Central Banks especially the Federal Reserve System.
- Understand the process by which the Fed devises and implements monetary policy
- Utilize macroeconomic models to show the impact of money policy on macro variables
- To become familiar with the international financial system, including an historical
  perspective, operation of markets, the evolution of institutions
- To apply tools of analysis to study historical and current problems including early bank
  panics, the Great Depression, Stagflation, the market crashes of 1987 and 2001-2.

Required Texts:
1). The Financial System and the Economy: Principles of Money and Banking, 4th edition by

2). The Wall Street Journal
**Grading:**
Attendance and active participation is required and will be incorporated into the class grade along with quizzes and homework. More than 4 absences (70-minute classes will be penalized 1 grade (+-). Lateness to class is disruptive and counts as ½ absence.

There will also be three exams at 20% each, the Final Exam at 30% and 10% for class grade. Exams must be taken as scheduled.

The Academic Honesty Policy is followed for this class and is detailed in the College Catalog and Student Handbook.

This syllabus is subject to change with notice.

**Money and Banking Assignment Schedule**

<table>
<thead>
<tr>
<th>Week of</th>
<th>Assignment</th>
</tr>
</thead>
<tbody>
<tr>
<td>8/29</td>
<td>Introduction to Money, Banking and Financial Markets- Chapter 1</td>
</tr>
<tr>
<td>9/5</td>
<td>Principles of Money; The Role of Money and Credit – Chapters 2 &amp; 3.</td>
</tr>
<tr>
<td>9/19</td>
<td>Exam 1 (Chapters 1-5). Interest Rates and Bond prices. Chapter 6.</td>
</tr>
<tr>
<td>9/26</td>
<td>The Structure of Interest Rates. Chapter 7.</td>
</tr>
<tr>
<td>10/10</td>
<td>(10/8-10/12 Fall Recess) How Exchange Rates are Determined. Chapter 9</td>
</tr>
<tr>
<td>10/17</td>
<td>Continuation, Review and Test 2 (Chapters 6-9).</td>
</tr>
<tr>
<td>11/7</td>
<td>Financial Instability and Regulation. Chapters 13 &amp; 14</td>
</tr>
<tr>
<td>11/14</td>
<td>Securities Firms, Debt and Equity Markets. Chapters 15, 16 &amp; 17.</td>
</tr>
<tr>
<td>11/21</td>
<td>Test 3 (Chapters 10-17) (11/23-28 Thanksgiving Recess);</td>
</tr>
<tr>
<td>11/28</td>
<td>Money Supply and Demand; Chapters 19 &amp; 20.</td>
</tr>
<tr>
<td>12/5</td>
<td>Aggregate supply and Demand; The Challenges of Monetary Policy, Chapters 21 &amp; 24.</td>
</tr>
<tr>
<td>12/12</td>
<td>Monetary Policy Formulation and Implementation; Chapters 25 &amp; 26.</td>
</tr>
</tbody>
</table>

12/14-20 Final Exam as Scheduled.