

COURSE IMPLEMENTATION DATE:	March 1992
COURSE REVISED IMPLEMENTATION DATE:	September 1996
COURSE TO BE REVIEWED:	September 2000
(Four years after implementation date)	(MONTH YEAR format)

OFFICIAL COURSE OUTLINE INFORMATION

Students are advised to keep course outlines in personal files for future use.

Shaded headings are subject to change at the discretion of the department and the material will vary - see course syllabus available from instructor

FACULTY/DEPARTMENT:	ECONOMICS	
ECONOMICS 410	310	3
COURSE NAME/NUMBER	FORMER COURSE NUMBER	UCFV CREDITS
	MONEY AND BANKING	
COURSE DESCRIPTIVE TITLE		

CALENDAR DESCRIPTION:

An old saying has it that "money is what makes the world go round"; but would the absence of money stop the world in its tracks? From the very first week it will be easy to see that money plays an important and pervasive role in any economy. Monetary economics breaks down into two major branches: (1) the Microeconomics aspect of money, which concerns the characteristics of money; (2) the macroeconomic aspect of money, which concerns the optimum quantity of money. The micro/macro division is, however, somewhat arbitrary and unnecessary. Although this course does not take an encyclopaedic approach to monetary economics, it will integrate both the reasons why people hold money (and other financial/real assets) along with Macro economic issues such as inflation, unemployment, growth, et cetera. This course will concentrate on Canadian monetary policy both in theory and in practice.

PREREQUISITES: Economics 201, 202 and 307
COREQUISITES:

SYNONYMOUS COURSE(S)	SERVICE COURSE TO:
(a) Replaces: ECON 310	
(Course #)	(Department/Program)
(b) Cannot take: _____ for further credit.	
(Course #)	(Department/Program)

TOTAL HOURS PER TERM: 60	TRAINING DAY-BASED INSTRUCTION
STRUCTURE OF HOURS:	LENGTH OF COURSE: _____
Lectures: 30 Hrs	HOURS PER DAY: _____
Seminar: 30 Hrs	
Laboratory: _____ Hrs	
Field Experience: _____ Hrs	
Student Directed Learning: _____ Hrs	
Other (Specify): _____ Hrs	

MAXIMUM ENROLLMENT:	35
EXPECTED FREQUENCY OF COURSE OFFERINGS:	
WILL TRANSFER CREDIT BE REQUESTED? (lower-level courses only)	<input type="checkbox"/> Yes <input type="checkbox"/> No
WILL TRANSFER CREDIT BE REQUESTED? (upper-level requested by department)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
TRANSFER CREDIT EXISTS IN BCCAT TRANSFER GUIDE:	<input type="checkbox"/> Yes <input type="checkbox"/> No

AUTHORIZATION SIGNATURES:

Course Designer(s): _____	Chairperson: _____
Dale F. Box	J. D. Tunshall, Ph.D. (<i>Curriculum Committee</i>)
Department Head: _____	Dean: _____
Dave Gibson	J.D. Tunstall, Ph.D.
PAC Approval in Principle Date: _____	PAC Final Approval Date: November 22, 1995

LEARNING OBJECTIVES / GOALS / OUTCOMES / LEARNING OUTCOMES:

By the end of the course students should have developed a clear understanding of, as well as an ability to critically analyse, the Canadian financial system. The course will emphasize an understanding of and a critical approach to the theories of monetary economics.

The course will develop the students' analytical and intuitive knowledge of the Canadian and international monetary systems. The primary focus will be on helping students apply the theories to real world situations. The course will present an opportunity to discuss current problems within the context of the course material.

METHODS:

The lectures will emphasize the major topics and ideas in each chapter. Time will be spent developing the theories and then applying them to current economic problems. Graphs will be used extensively, while algebra will be used sparingly.

PRIOR LEARNING ASSESSMENT RECOGNITION (PLAR):

Credit can be awarded for this course through PLAR (Please check :) Yes No

METHODS OF OBTAINING PLAR:

TEXTBOOKS, REFERENCES, MATERIALS:

[Textbook selection varies by instructor. An example of texts for this course might be:]

Money definitions and Money Aggregates

Alchain, Armen. "Why Money?" *Journal of Money, Credit and Banking* 9 (February 1977), pp. 133-41.

Radford, R.A. "The Economic Organization of a P.O.W. Camp." *Economica* 12 (November 1945), pp. 189-201.

Shearer, R. A., Chant, J. and D. Bond. "Money and the Payments System. (Chapter 2)" *Economics of the Canadian Financial System: Theory, policy and Institutions* (Third ed.) (Prentice Hall Canada Inc., 1995) pp. 18-40.

Background Information – The Essentials

Interest Rate Fundamentals

Understanding Interest Rates

Gardner, M.J. and D.L. Mills. "Interest Rates, Exchange Rates, and Inflation: Theories and Forecasting (Chapter 6)." *Managing Financial Institutions: An Asset/Liability Approach*. Harcourt Bruce & Company (1994). pp. 157-176

Term Structure of Interest Rates

Siklos, P.L. "Understanding Interest Rates: The Structure of Interest Rates. (Chapter 15)" *Money, Banking and Financial Institutions: Canada in the Global Environment*. (First ed.) McGraw-Hill Ryerson Ltd. 1994, pp. 277-301.

Clinton, K. "The Term Structure of Interest Rates as a Leading Indicator of Economic Activity." *Bank of Canada Review* (Winter 1994-1995). pp. 23-40.

The Bank Rate

Fettig, K. "The Government of Canada Treasury Bill Market and its Role in Monetary Policy." *Bank of Canada Review* (Spring 1994). pp. 35-53.

Exchange Rate Fundamentals

BinHammer, H.H. "Foreign Exchange Markets (Chapter 29)" *Money, Banking and the Canadian Banking System*. (Sixth ed.) Nelson Canada. 1993, pp. 440-455.

Lafrance, R. and Simon van Norden. "Exchange Rate Fundamentals and the Canadian Dollar." *Bank of Canada Review* (Spring 1995). pp. 17-33.

Structure of Financial Industry

The Chartered Banks

BinHammer, H.H. "The Chartered Banks. (Chapter 13)" *Money, Banking and the Canadian Banking System*. (Sixth ed.), (Nelson Canada. 1993), pp. 183-209.

Daniel, F., C. Freedman, and C. Goodlet. "Restructuring the Canadian Financial Industry." *Bank of Canada Review* (Winter 1992-1993). pp. 21-45

The Bank of Canada

Bordo, M.D. and A. Redish. "Why did the Bank of Canada Emerge in 1935?" *Journal of Economic History*, 47 (2), (June, 1987). pp 405-417.

Rabbior, B. "The Bank of Canada (Chapter 4)." *Money and Monetary Policy in Canada*. Canadian Foundation for Economic Education, (1994). pp. 41-49.

The Money Supply Process

Shearer, R.A., Chant, J. and D. Bond. "The Money Supply Process: The Role of Banks and Other Depository Institutions. (Chapter 15)"

Economics of the Canadian Financial System: Theory, policy and Institutions (Third ed.), Prentice Hall Canada Inc. 1995 pp. 562-592.

Shearer, R.A., Chant, J. and D. Bond. "Determinants of the Monetary Base. (Chapter 16)" *Economics of the Canadian Financial System: Theory, policy and Institutions* (Third ed.) Prentice Hall Canada Inc. 1995 pp. 593-608.

Shearer, R.A., Chant, J. and D. Bond. "The Mechanics of Monetary Control. (Chapter 17)" *Economics of the Canadian Financial System: Theory, policy and Institutions* (Third ed.) Prentice Hall Canada Inc. 1995 pp. 609-641

Money Demand

Shearer, R.A., Chant, J. and D. Bond. "The Demand for Money. (Chapter 19)" *Economics of The Canadian Financial System: Theory, policy and Institutions* (Third ed.) Prentice Hall Canada Inc. 1995 pp. 671-697.

Humphrey, T.M. "Kaldor Versus Friedman in Historical Perspective" in William J. Barber (ed.), *Perspectives on the History of Economic Thought: Themes in Pre-Classical, Classical and Marxian Economics*, Volume V (Aldershot: Edward Elgar). pp. 91-104.

Targets of Monetary Policy – Money, Inflation and Growth

Background

Clinton, K. "Interpreting Changes in Monetary Aggregates." *Bank of Canada Review* (Spring 1995) pp. 3-16.

Thiessen, Gordon G. "Future Directions for the Bank of Canada and Monetary Policy." *Bank of Canada Review* (Spring 1994). pp. 85-90.

Crow, John W. "Central Banks, Monetary Policy and the Financial System." *C.D. Deshmukh Memorial Lecture in the Bank of Canada Review* (Winter 1993-1994). pp. 57-69.

Goodhart, Charles A.E. "What Should Central Banks Do? What Should be Their Macroeconomic Objectives and Operations?" *The Economic Journal*, 104 (427), (Nov. 1994). pp. 1424-1436.

Cukierman, Alex. "Central Bank Independence and Monetary Control. *The Economic Journal*, 104 (427), (Nov. 1994). pp. 1437-1448

Grossman, R.S. "The Shoe That Didn't Drop: Explaining Banking Stability During the Great Depression." *Journal of Economic History*, 54 (3), (Sept., 1994). pp. 654-682.

Monetary Policy in an Open Economy

Rogoff, K. "Monetary Policy." in J. Eatwell, M. Milgate and P. Newman, *The New Palgrave Dictionary of Money and Finance*.

(New York: W.W. Norton and Company Inc., 1989.) pp. 740-750.

Dow, S.C. "Post Keynesian Monetary Theory for an Open Economy" in S.C. Dow, *Money and the Economic Process* (1993) (Aldershot: Edward Elgar). pp. 55-72.

Crow, J. "Monetary Policy Under a Floating Rate Regime: The Canadian Experience." *Bank of Canada Review* (Summer 1993). pp. 37-47.

Inflation: The Canadian Experience

Laidler, D.E. and W.B.P. Robson. "The Pros and Cons of Price Stability (Chapter 2)." *The Great Canadian Disinflation: The Economics and Politics of Monetary Policy in Canada, 1988-93*. C.D. Howe Institute, Toronto (1993). pp. 11-50.

Paulin, Graydon. "Disinflation in the 1990s: The Experience of the Industrial World." *Bank of Canada Review* (Spring 1995). pp. 35-53.

Poloz, S.S. "Economic Behaviour and Policy Choice Under Price Stability: Conference Summary." *Bank of Canada Review* (Summer 1994). pp. 21-35.

Does Money Affect Real Output?

3Humphrey, Thomas. M. "Nonneutrality of Money in Classical Monetary Thought." *Federal Reserve Bank of Richmond Economic Review*. Vol 77, (2). (March/April 1991) pp. 3-15

Macklem, T. "Recent Advances in Growth Theory: Perspective and Policy Implications." *Bank of Canada Review* (Winter 1993-1994). pp. 37-55.

Brunner K. and A.H. Meltzer. "First Lecture; A Review of the Issues," in *The Raffaele Lectures; Money and The Economy: Issues in Monetary Analysis*. (Cambridge: University of Cambridge Press), 1993. pp. 5-52.

Food For Thought

Mayer, T. "Monetarism in a World Without 'Money'" in S.F. Frown (ed), *Monetary Theory and Monetary Policy: New Tracks For the 1990s*. MacMillian Press Ltd. (1993) pp. 43-78.

Selgin, G.A. and L.H. White, "How Would the Invisible Hand Handle Money." *Journal of Economic Literature*. Vol. XXXII, num. 4 (December 1994). pp. 1718-1749.

Horwitz, Stephen. "The Evolution of Monetary Order." in *Monetary Evolution, Free Banking, & Economic Order*. (Boulder: Westview Press Inc., 1992), pp. 113-147.

SUPPLIES / MATERIALS:

STUDENT EVALUATION:

[An example of student evaluation for this course might be:]

Assignments	15%
Mid-term	15%
Term Paper	30%
Final Exam	40%

COURSE CONTENT:

[Course content varies by instructor. An example of course content might be:]

