

**Schiller International University
The American College of Switzerland**

Course Syllabus

1. Course Number: EC/BA 309 Credits: 3 Contact Hours :45

2. Course Title: Money and Banking

3. Pre-requisites: EC 101, 102, BA 101

4. Course Description:

The first part of the course consist of studying the money markets, how money moves from one place to the next from those who have it (lenders) to those who do not (borrowers). We will therefore look at the various types of financial intermediaries (eg. banks) and financial markets (eg. stock markets) which exist and the ways in which they function.

The second part of the course concentrates on monetary economics and how money, output and prices are all linked together.

The international aspects of these problems will also be explained.

5. Course Objectives:

At the end of the semester, students will be able to:

- Explain the different ways companies can get money to invest.
- Understand the way stock and other financial markets work.
- Explain the different types of financial products available.
- Understand why interest rates differ.
- Analyse the different types of financial risk and will had an introduction to the theory of investment analysis
- Be able to explain what central banks are and what they do.
- Understand the relationship between the creation of money and the real level of national income
- Be able to understand the main disagreements between Keynesian and Monetarist economists and some of the attempts made to reconcile them
- Explain the main elements in the evolution of the international financial system.

6. Basic Text:

Thomas Mayer, James S. Duesenberry & Robert Z. Aliber, *Money, Banking and the Economy*, 5th ed., Norton, 1996.

7. Additional Reading:

Will be given out by the instructor as appropriate.

It is also absolutely essential that students keep up to date with developments in the world economy and the financial markets during the semester by reading the international press.

Recommended newspapers in English include:

Dailies: *The International Herald Tribune, the Wall Street Journal, the Financial Times, the Guardian etc...*

Weeklies: *The Economist, Time, Newsweek, Businessweek etc...*

8. Grading:

Participation: 10%

Mid.-Term Examination: 30%

Final Examination: 60%

9. Additional Information:

a) Instructor:

C. D. Bruggmann, M. A. PPE, Oxford University
Licencié en Droit, Geneva University

b) Students are reminded of the rules on academic honesty. Failure to observe these policies will result in failure for the whole course.

10. Topics covered:

	<u>Academic Hours</u>
1. General Introduction	1
2. What is money?	1
3. Stocks, Bonds, Financial Institutions	2
4. Markets and portfolios	3
5. Interest rates	3
6. Depository institutions	1
7. International	2
8. Central Banking	2
9. Measurement & creation of money; bank reserves	3
10. Aggregate expenditures and interest rates	3
11. Aggregate expenditures and the demand for money	3
12. IS and LM	3
13. Inflation and unemployment	3
14. Monetarists and Keynesians	2
15. Monetary policy: tools, targets and instruments	2
16. Monetary policy, does it work?	2
17. International, FX and B. of P.	3
18. The international monetary system	3

+ 3 hrs for the final exam.