

SAN JOSE STATE UNIVERSITY
ECONOMICS 135--MONEY AND BANKING
Syllabus: Spring 2005
MW 1330-1445 DMH 166

Instructor: Jeff Hummel

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Email: Since I check email as infrequently as possible, it is obviously NOT a good way to try to contact me.

Office Hours: Monday, 4:00-5:00 P.M.; Wednesday, 4:00-6:00 P.M.; and by appointment.

Course Objective: To understand money, banking, and the financial system. We will apply the insights of *both* economic theory and history to modern financial institutions. By the end of the course, the student should be able to think critically and independently about such controversial issues as inflation, the causes of the Great Depression, monetary policy, banking deregulation, the S & L crisis, and international exchange rates.

Prerequisite: Econ 1A

Course Outline:

- I. The Nature and Origin of Money.
- II. The Nature and Origin of Credit.
- III. An Overview of Today's Financial System.
- IV. Commercial Banking: History and Practice.
- V. Nonbank Intermediaries and Financial Deregulation.
- VI. Modern Central Banking.
- VII. Money and the World Economy.

Required Texts: Frederic S. Mishkin, *The Economics of Money, Banking, and Financial Markets*, 6th ed. update, chapters 1-20; Murray N. Rothbard, *What Has Government Done to Our Money?*, rev. ed.; Econ 135 Course Reader.

Schedule of Reading Assignments and Examinations:

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|-----|----|---------------------------------------|
| Feb | 2 | Mishkin, ch. 1; Rothbard, chs. I, II. |
| | 9 | Mishkin, ch. 3; Rothbard, ch. III. |
| | 16 | Mishkin, chs. 2, 5. |
| | 23 | Mishkin, chs. 4, 13. |
| Mar | 2 | Mishkin, chs. 6, 8. |
| | 9 | first examination. |
| | 16 | Mishkin, chs. 9, 10. |
| | 23 | Mishkin, chs. 11, 12. |
| Apr | 6 | Mishkin, chs. 15, 16. |
| | 13 | Mishkin, chs. 14, 17. |
| | 20 | Mishkin, ch. 18; Rothbard, ch. IV. |
| | 27 | second examination. |
| May | 4 | Mishkin, chs. 7, 19. |
| | 11 | Mishkin, ch. 20. |
| | 20 | final examination, 12:15 to 2:30 P.M. |

Also assigned are supplementary readings that are listed and included in the Course Reader.

Grading: The final examination, which will be comprehensive, is worth 40 points out of the total of 100 for the course. Each of the other two examinations is worth 20 points toward the total. In addition, there will be short, objective quizzes on each of the assigned readings worth another 20 points. Each quiz individually is worth 2.5 points, allowing students to drop or miss four out of the twelve quizzes. There will be no makeups for any quizzes. Although I shouldn't have to mention this, cheating on any quiz or exam will result in an automatic F for the entire course.

Because class participation helps enliven the course, it is greatly appreciated and can earn students up to one extra point toward their final grade. Class attendance

is not mandatory and will not *directly* affect a student's grade. My experience, however, is that students who miss several classes, in addition to dropping quizzes, consign themselves to doing *extremely* poorly on their exams. I therefore strongly encourage students to attend fully every class.

Finally, if you experience any difficulty in this course, please do not hesitate to come to me for help. I am available not only during office hours but also by phone, and I am always happy to clarify hard concepts, resolve any lingering confusion, or otherwise assist you in making this course enjoyable and rewarding.

Converting number grades to letter grades:

97-100	A+	83-86	B	70-72	C-
93-96	A	80-82	B-	67-69	D+
90-92	A-	77-79	C+	63-66	D
87-89	B+	73-76	C	60-62	D-
		below 60	F		

Optional Recommended Reading:

General Economics

Buchholz, *From Here to Economy: A Shortcut to Economic Literacy*.

Buchholz, *New Ideas From Dead Economists: An Introduction to Modern Economic Thought*.

D. Friedman, *Hidden Order: The Economics of Everyday Life*.

M. Friedman, *Free to Choose: A Personal Statement*.

Hazlitt, *Economics in One Lesson*.

Henderson, *The Fortune Encyclopedia of Economics*

Heyne, *The Economic Way of Thinking*, 9th ed.

Kirzner, *Competition and Entrepreneurship*.

Landsburg, *The Armchair Economist: Economics and Everyday Life*.

Money and Banking Texts

Cargill, *Money, the Financial System, and Monetary Policy*, 4th ed.

Kaufman, *The U.S. Financial System: Money, Markets and Institutions*, 6th ed.

Kolb, ed., *Financial Institutions and Markets: A Reader*.

Miller and VanHoose, *Money, Banking, and Financial Markets*.

L. White, *The Theory of Monetary Institutions*.

Monetary Theory

Brennan & Buchanan, *Monopoly in Money and Inflation*.

Hayek, *The Denationalization of Money: An Analysis of the Theory and Practice of Concurrent Currencies*, 2nd ed.

Livingston, *Money and Capital Markets: Financial Instruments and Their Uses*.

McCulloch, *Money and Inflation: A Monetarist Approach*, 2nd ed.

Mises, *The Theory of Money and Credit*.

Selgin, *A Theory of Free Banking: Money Supply Under Competitive Note Issue*.

Monetary History

Dowd, ed., *The Experience of Free Banking*.

Friedman, *Money Mischief: Episodes in Monetary History*.

Friedman & Schwartz, *A Monetary History of the United States*.

Kane, *The S & L Mess: How Did It Happen?*

Keynes, *The Economic Consequences of the Peace*.

Rothbard, *America's Great Depression*.

Timberlake, *Monetary Policy in the United States*.

A.D. White, *Fiat Money Inflation in France*.

L. White, *Free Banking in Britain: Theory, Experience, and Debate, 1800-45*.

Monetary and Financial Reform

Dorn & Schwartz, eds., *The Search for Stable Money*.

England & Huertas, eds., *The Financial Services Revolution*.

Friedman, *A Program for Monetary Stability*.

Glasner, *Free Banking and Monetary Reform*.

Siegel, ed., *Money in Crisis*.