

**COURSE SYLLABUS**  
**SOUTHEAST MISSOURI STATE UNIVERSITY**

**Department: Economics and Finance**  
**Course Title: Monetary Economics**

**Course No EC335**  
**Revision Spring 2010**

**I. Catalog Description and Credit Hours of Course:**

Analysis of money's role in the U.S. economy. Emphasis on the Federal Reserve System and monetary policy. (3)

**II. Prerequisite(s):**

EC225 Principles of Macroeconomics  
45 academic hours

**III. Purposes or Objectives of the Course:**

A. The primary objectives of this course are to provide the student with the knowledge to provide verbal as well as quantitative answers to the following four questions.

What is money?

How is money produced?

How much money should be produced?

How is the dollar related to foreign monies?

B. Knowledge of and ability to analyze basis accounting instruments via first order derivatives. *BSBA Goal: Knowledge of the fundamentals of accounting, finance, business law, MIS, marketing, management, and economics. Use business-related terms, concepts, theories, and principles appropriately.*

C. Apply logical critical thinking skills, both verbally and quantitatively, to issues of domestic banking, central banking, and global finance. *BSBA Goal: Application of critical thinking skills to business problems and ethical dilemmas. Use critical thinking to reach decisions by, identifying the problem/issue(s), presenting plausible alternatives, evaluating the alternatives and resolving the problem/dilemma with justification based on ethical principles, discipline-specific understanding, and professional judgment.*

D. Verbally analyze the ethical issues presented by fractional reserve banking. *BSBA Goal: Application of critical thinking skills to business problems and ethical dilemmas. Use critical thinking to reach decisions by, identifying the problem/issue(s), presenting plausible alternatives, evaluating the alternatives and resolving the problem/dilemma with justification based on ethical principles, discipline-specific understanding, and professional judgment.*

E. Use the web to develop one's analysis, provide support for, or evidence against a position.  
*BSBA Goal: Application of critical thinking skills to business problems and ethical dilemmas. Use critical thinking to reach decisions by, identifying the problem/issue(s), presenting plausible alternatives, evaluating the alternatives and resolving the problem/dilemma with justification based on ethical principles, discipline-specific understanding, and professional judgment.*

**IV. Expectations of the Students:**

- A. Normal requirements include at least two hours of study time for each hour spent in class.
- B. Attendance is expected at all class meetings. Advance preparation is necessary. Students are expected to read and study assigned materials in detail and are responsible for all assignments.
- C. A high degree of comfort/familiarity with computer systems.

**V. Course Content and Outline:**

**Course Periods**

A.	Functions of money	1	
B.	Types of money		1
C.	Price of money	1	
D.	Price and productivity of money	1	
E.	Holding vs. using money		1
F.	Real vs. nominal rate of interest	1	
G.	Foreign exchange		1
H.	Foreign exchange and elasticity of demand	1	
I.	Balance sheets	1	
J.	T-accounts		1
K.	Deposit creation		3
	- simple case		
	- complications		
L.	Money multipliers		1
M.	Bonds vs. loans	1	
N.	Fed's tools for monetary control	2	
O.	Time market		1
P.	Bond prices and yields	1	
Q.	Money vs. capital markets		1
R.	Primary vs. secondary markets	1	
S.	Financial intermediaries vs. money producers (DFIs)	1	
T.	Dual banking system	1	
U.	Regulatory structure	1	
V.	Bank balance sheet trends	1	
W.	Federal funds market	1	
X.	Balance sheet of the FRBs	1	
Y.	Movements in bank reserves/base	4	

	-Fed actions		
	-Public actions		
	-Treasury and foreign actions		
Z.	Structure of Fed		1
	-Formal structure		
	-Reality		
	-Independence		
AA.	General credit controls	3	
	-Reserve requirements		
	-Discounting		
	-Open market operations		
BB.	Targeting		1
CC.	Financing Federal budget deficits	1	
DD.	Capital based macroeconomics	8	

#### VI. Text(s) or Other Required Materials or Equipment:

- A. Ritter, Lawrence S., William L. Silber and Gregory F. Udell. Principles of Money, Banking, and Financial Markets. Twelfth edition. (New York: Addison-Wesley, 2009) ISBN 978-0-321-33919-5.
- B. Schnusenberg, Oliver. Study Guide to accompany Principles of Money, Banking, and Financial Markets, Twelfth edition. (Boston: Pearson Addison Wesley, 2009). ISBN 978-0-321-56741-3
- C. Board of Governors of the Federal Reserve System. The Federal Reserve System: Purposes and Functions. Washington, D.C., 2005. [Available online].
- D. Kerr, Peter M. Readings in Money and Banking © 1989. [Available online].
- E. Kerr, Peter M. Money vs. Credit © 2005. [Available online].
- F. de Soto, Jesús Huerta. Money, Bank Credit, and Economic Cycles. First English edition. (Auburn, Alabama: Ludwig von Mises Inst., 2006). [Available online].

#### VII. Basis for Student Evaluation

- A. Examinations
- B. Assignments