

NEW COURSE PROPOSAL

PROGRAM:

BUSINESS

1. Catalog Description of the Course. *[Include the course prefix, number, full title, and units. Provide a course narrative including prerequisites and corequisites. If any of the following apply, include in the description: Repeatability (May be repeated to a maximum of ___ units); time distribution (Lecture ___ hours, laboratory ___ hours); non-traditional grading system (Graded CR/NC, ABC/NC). Follow accepted catalog format.]*

ECON 320. MONEY & BANKING (3)

Three hours lecture per week.

Prerequisite: ECON 110, 111 and either MATH 140 or 150.

Nature and functions of money and its relation to prices; the monetary system of the United States; the functions of banks, bank credit, foreign exchange and monetary control. The impact of monetary policy on economic activity.

2. Mode of Instruction.

	Units	Hours per Unit	Benchmark Enrollment
Lecture	<u>3</u>	<u>1</u>	<u>25</u>
Seminar			
Laboratory			
Activity			

3. Justification and Learning Objectives for the Course. (Indicate whether required or elective, and whether it meets University Writing, and/or Language requirements) *[Use as much space as necessary]*

Money & Banking is one of two courses which Business students may take to fulfill an intermediate-level macroeconomics requirement. This course explores the structure of the financial sector and its effects on the rest of the economy. Emphasis is placed on the role of the private and central banking system in the creation and manipulation of the money supply. As a resource of value, the relative scarcity of money impacts interest rates, the intensity and type of investment activity, exchange rates, and the overall level of economic activity. This course follows an applied approach and focuses on the use of theory in context.

Students who successfully complete this course will be able to:

- Describe the structure of the private banking industry in the United States and its relation to the Federal Reserve System.
- Explain the process through which the banking system may be said to produce the nation's money supply.
- Describe the principal tools of monetary policy and explain how they might be used to combat inflation or unemployment.
- Determine the effects of changes in money demand or money supply on interest rates.
- Predict the economic effects of exchange rate fluctuations.
- Assess the effects of domestic changes in the relative scarcity of money on export and international markets.
- Identify the sources of financial risk and the relationships between risk and expected returns.

4. Is this a General Education Course? **NO**

5. Course Content in Outline Form. [Be as brief as possible, but use as much space as necessary]

Overview

An Overview of the Financial System
The Definition and Roles of Money

Financial Markets

The Determinants of Interest Rates
Risk and Term Structure of Interest Rates
The Market for Foreign Exchange

Financial Institutions

Structure and Competition in the Banking Industry
Management of Financial Institutions
Bank Regulation

Central Banking and Monetary Policy

Structure of Central Banks and the Federal Reserve
Money Creation Process
Determinants of the Money Supply
Tools and Goals of Monetary Policy
The International Financial System

Monetary Theory

Money Demand
Keynesian Monetary and Fiscal Policy
Money and Inflation
Rational Expectations and Efficient Markets

6. References. [Provide 3 - 5 references on which this course is based and/or support it.]

Baye, Michael R. and Dennis Jansen. *Money, Banking and Financial Markets: An Economic Approach*. Houghton Mifflin College. 1995.

Hubbard, Glenn R. *Money, the Financial System and the Economy 4th Ed.* Addison Wesley. 2001.

Mayer, Thomas, James S. Duesenberry and Robert Z. Aliber. *Money, Banking and the Economy 6th Ed.* W. W. Norton. 1997.

Mishkin, Frederic S. *The Economics of Money, Banking and Financial Markets 6th Ed.* Addison Wesley. 2000.

Ritter, Lawrence S., William L. Silber and Gregory F. Udell. *Principles of Money, Banking and Financial Markets 10th Ed.* Longman Science and Technology. 1999.

7. List Faculty Qualified to Teach This Course.

Dr. Dennis Muraoka
Dr. Paul Rivera
Dr. Ashish Vaidya

8. Frequency.

a. Projected semesters to be offered: Fall ___x___ Spring ___x___ Summer _____

9. New Resources Required.

None.

10. Consultation.

Attach consultation sheet from all program areas, Library, and others (if necessary)

11. If this new course will alter any degree, credential, certificate, or minor in your program, attach a program modification.

Proposer of Course

Date