Prerequisites: EC202 or EC204; this course is not open to students who have taken or are currently taking EC261.

A. Textbook:


B. Additional Readings/Tools:


2. Wall Street Journal

3. a basic four-function calculator (use of financial, scientific or programmable calculators as well as cell phones will NOT be permitted.)

C. Exams: (80%)

There will be three exams, two mid-terms accounting for 50% (25% each) and a final exam which will account for 30% of your final grade. "Make-up" exams will not be given for missed scheduled exams except in the case of a reasonable and valid excuse, which is submitted to me promptly. These excuses are subject to my approval, and I may require substantiation. For approved excuses, a make-up exam will be scheduled at the time of the final exam. Midterms will be announced in class and the final is scheduled for May 15, May 15th at 9:00 a.m. All students are required to take exams as scheduled. No early or late exams will be given.

D. Assignments: (10%)

During the semester there will be a number of assignments given which may be an analysis of the economic and statistical releases, a written summary of a section or chapter out of one of the outside readings, a problem to solve or a question to discuss in class. This will account for 10% of your grade. For you to get the full 10% for
assignments you MUST deliver assignments that are prepared at an exceptional level. Turning in anything else gains you a grade that corresponds to your level of work only. As a rule assignments are due in the following class, unless I mention otherwise. Missing class does not waive or extend the deadline for submitting an assignment. ALL projects and assignments MUST be done individually and independently with full respect and abidance of the College’s Academic Integrity Policy and Procedures. I strongly urge all of you to review this at: //www.bc.edu/offices/stserv/academic/resources/policy/#integrity

E. Class Participation: (10%)

You will be graded on your in class performance which makes 10% of your total grade in two ways as follows: First, your class preparedness is an essential part of your responsibility in this course. This requirement can be satisfied by reading the assigned chapters of your books in advance of my lectures on those topics. Second, you will be graded on your active participation in class discussions. I strongly encourage you to ask questions as your questions will first help clarify issues for you and possibly some of your classmates, as well as generate further and more interesting discussions in the classroom. Only your exceptional preparedness and participation in class wins you the 10% of your grade set aside for this. Your presence in class is my absolute and minimum expectation of all of you.

F. Reading Schedule:

I. An Introduction to Money and Monetary Economics - The thrust of the first section is simply to review and discuss money and macroeconomics.
Reading assignment: Parts I and II of the text: Chapters 1-10. In addition to Chapters 1-3 of Kindleberger’s Manias, Panics, and Crashes.

II. Commercial Banks and the Role of Banks in an Industrial Society - In this section we will give almost exclusive emphasis to banks, and focus on different aspects of the banking business.
Reading assignment: Parts III and IV of the text, Chapters 11 through 16. Chapters 4-6 of Kindleberger’s Manias, Panics, and Crashes.

III. Federal Reserve System - All modern industrial countries have some kind of central bank. Ours is called not a "bank" but a "system": The Federal Reserve System. The ultimate function of most central banks is monetary policy. In this section we will read all about the Fed and its functions.
Reading Assignment: Part V of the text, Chapters 17 through 21. In addition to Chapters 7-9 of Kindleberger’s Manias, Panics, and Crashes.

IV. Monetary Theory and Policy - One of the great controversies of macroeconomics is whether and to what degree "money matters." It will be very difficult to understand and
appreciate that controversy without some macro theory. We start a macro model without money, and then bring money in to see its role.

Reading Assignment: Part VI and VII of the text, Chapters 22 through 29. In addition to Chapters 10-13 of Kindleberger’s Manias, Panics, and Crashes.