

SAULT COLLEGE  
of Applied Arts and Technology  
Sault Ste. Marie

COURSE OUTLINE

MONEY & BANKING

ECN 204-4

revised January, 1981

## MONEY & BANKING

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TEXTS: Canadian Banking & Monetary Policy (2nd edition)  
J.P. Cairns, H.H. Binhammer & R.W. Boadway

Canadian Public Finance (2nd edition)  
J.C. Strick, Holt, Rinehart and Winston of Canada Ltd.

### REFERENCE MATERIAL:

Financial Post  
Bank Newsletters  
Canadian Banking, J.A. Galbriath, The Ryerson Press

### COURSE OBJECTIVES:

1. To provide the student with a knowledge of the role of fiscal and monetary policy and its relationship to The Canadian Banking System.
2. To assist the student in understanding the significance of central banking, foreign exchange, balance of payments and international economics.
3. To demonstrate the effects of government, fiscal and monetary policy on business, industry and the individual.
4. To outline the Canadian Chartered Bank organization structure and the nature and types of bank deposits and funding.

### STUDENT OBJECTIVES:

The student will be expected to acquire the following skills and knowledge:

1. The factors involved in fiscal and monetary policy and events.
2. The mechanics of central banking, foreign exchange and international economics.
3. The effects of government fiscal and monetary policy on the corporation.
4. The basics of the Canadian banking system; including procedure, financial instruments and terminology.

### METHOD:

The course will be developed through lectures, discussions, readings and research.

EVALUATION:

Students will be evaluated on the following basis:

3 tests	75%
Class participation	25%
	<u>100%</u>

TESTS:

The time and content of each test will be announced approximately one week in advance.

Each test will be of equal value.

CLASS PARTICIPATION:

Class Participation will include attendance, participation in class discussions and comprehension of assigned readings.

IMPORTANT:

In order to successfully complete the course, a student must achieve an overall grade of 50%.

If an individual test performance is not satisfactory, the student will be assessed an Incomplete. In this event, the instructor has the discretion to allow the student to "make up" the work. Based on the attitude and participation of the student, the instructor may allow a student who has been assessed an Incomplete to do a "make up paper". The make up paper must be completed in a manner that is acceptable to the instructor within two weeks of the date that it is assigned.

If a student is required to complete only one make up paper throughout the semester, that student will be allowed to continue with the mainstream of the class, provided that student's overall average is at least 50%.

If a student is required to complete two or three make up papers, that student must attend the College during the make up period held at the end of each semester and complete a supplemental test based on the work covered throughout the semester. A final grade of "C" will be assigned to any student who successfully completes the make up period.

REMEMBER! THE STUDENT WILL BE ALLOWED TO COMPLETE MAKE UP PAPERS AND ATTEND THE MAKE UP PERIOD ONLY AT THE DISCRETION OF THE INSTRUCTOR. THIS IS NOT A RIGHT BUT A PRIVILEGE.

ABOVE ALL, REMEMBER IF A STUDENT WORKS DILIGENTLY THROUGHOUT THE SEMESTER, HE OR SHE SHOULD NOT ANTICIPATE ANY PROBLEMS IN SUCCESSFULLY COMPLETING THE COURSE.

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<u>WEEK</u>	<u>SUBJECT</u>	<u>MATERIAL OR ASSIGNMENT</u>
1 & 2	<u>The Public Sector in Canada</u> -government in the economy -growth in the public sector -financial structure of the Can. Government -The Budgeting Process and role of Auditor General	Read chapter 1 (Can. Public Finance) Read chapter 2 (CPF) pgs 30-31 (CPF)  pgs 36-40
3	<u>Federal Tax Structure</u> -tax reform -personal income tax -capital gains tax -corporation income tax	pgs 62-65 (CPF) pgs 65-73 (CPF) pgs 73-75 (CPF) pgs 75-77 (CPF)
4	<u>Provincial - Municipal Finance</u> -provincial taxation -municipal taxation	pgs 83-89 pgs 90-93
5	<u>Federal - Provincial Fiscal Relations</u> -BNA Act and historical development -fiscal relations 1962-77 -transfers to Provinces	pgs 101-106 pgs 112-117 119-122 122-127
6	<u>Fiscal Policy in Canada</u> -the budget and fiscal policy -Canadian economy 1947-1977 -wage-price controls -the new Government's Fiscal Policy	pgs 137-139 pgs 143-161 pgs 161-165
7	<u>Government Borrowing &amp; Public Debt</u> -borrowing -The Public Debt	Chapter 8
	<u>TEST #1</u>	
8	<u>The Chartered Banks of Canada</u> -features of the Chartered Bank -commercial banking -revisions of Bank Act 1967 -revision Bank Act (Bill C-15 1978-79) -review of Bank Financial Statements (Annual Reports)	<u>Assign Research Report</u>  pgs 253-269 (Can. Banking & Monetary Policy Financial Post (reprint hand-out)

<u>WEEK</u>	<u>SUBJECT</u>	<u>MATERIAL OR ASSIGNMENT</u>
9	<u>The Basics of Banking</u> - bank deposits - banks as creators of money - bank loans	To be assigned
10 & 11	<u>Central Banking</u> - Bank of Canada - monetary policy - monetary control - credit conditions and the Bank of Canada	pg. 179 (C.B. & M.P.)
12	<u>Role of Monetary Policy</u> - influence of monetary measures  - role of monetary policy	pg. 52 (C.B. & M.P.)  pg. 67 (C.B. & M.P.)
13	<u>International Economics</u> - foreign exchange - balance of payments	To be assigned
14	Review	