Monetary Theory, Institutions and Practice

Monetary Theory, Institutions and Practice: An Introduction

R. W. Evans and G. H. Makepeace

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Preface

The aim of this book is to provide an introduction to the study of monetary economics and the U.K. banking and financial system. The book can be divided into four inter-related subject areas: introduction to monetary theory, banking in the U.K., economic policy, and international monetary affairs.

The opening chapters investigate the main features of money and the role played by money in classical-monetarist and Keynesian theories of the economy. Particular attention is paid to the assumptions underlying each approach and the policy alternatives available to the government.

The institutional framework is introduced by a chapter dealing with the more important aspects of financial claims, and the discussion develops naturally into a description of the London money markets. The following chapter outlines the nature and rationale for the various constraints placed on the operation of the banks and the section is completed by a description of the activities of the main types of bank in the United Kingdom.

The third major subject for analysis is U.K. macroeconomic policy. Although the discussion is fairly wide-ranging, particular emphasis is placed on those aspects of policy, such as public finance, debt management and monetary policy, which directly affect the banking and financial system.

The last part of the book deals with those international aspects of U.K. economic relations which are of direct relevance to the monetary system. The balance of payments, the international monetary system and the monetary implications of membership of the E.E.C. are all discussed in some detail.

The book will prove useful to two major types of student. One group are those taking the second-year examination for the Institute of Bankers, who will find that this book covers all the material necessary for the subject Applied Economics (Monetary Theory and Practice). The second group are

students of economics and business who wish to have some knowledge of monetary economics and/or the U.K. financial and banking system. Since little background knowledge of economics is assumed the book will provide a useful supplement to introductory courses at many different levels, e.g. A Level, HNC/HND, degree level.

Throughout the text 'billion(s)' = 1000 million(s), i.e. United States billion.

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G. E. M.

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