

Monetary Policy

Program and introduction

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Outline

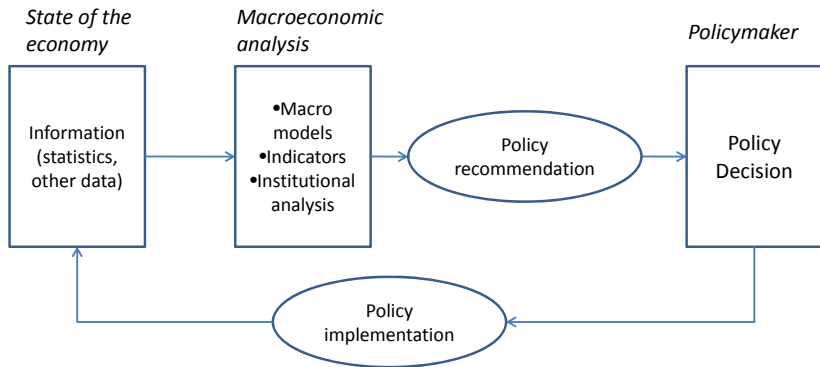
- 1 Objectives of the course
- 2 Introduction
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Objectives of the course

- At the end of the course you should be able to develop policy analysis and recommendations and effectively engage in discussions over monetary policy issues.
- For example, the students should be able to actively debate, inter alia, the causes and monetary policy responses to the Great Recession, the sovereign debt crisis, the conduct of monetary policy by the ECB and the FED, and the main challenges in the relation between monetary policy, fiscal policy and financial stability in the EU.

The process of monetary policy making

Figure : A simplified view of the monetary policy decision process



Course content

- 1 Introduction to monetary policy
- 2 The goals, instruments and channels of transmission of monetary policy
- 3 The monetary policy strategy of the ECB and of other central banks
- 4 Monetary policy analysis: the New Keynesian model
- 5 The role of monetary policy rules
- 6 Monetary policy and fiscal policy
- 7 Monetary policy and asset prices
- 8 Monetary policy in the open economy

Main textbook references

- ECB (2011), The Monetary Policy of the ECB, Third Edition, European Central Bank.
- Gali, Jordi (2008), Monetary Policy, Inflation and the Business Cycle: Na Introduction to the New Keynesian Framework, Princeton: Princeton University Press.
- Mankiw, N. G. (2011) Macroeconomics, McGraw-Hill, 7th Edition.
- Mishkin, F. S. (2007), Monetary policy strategy, MIT Press.
- Walsh, C. E. (2010), Monetary Theory and Policy, Cambridge: MIT Press, Third Edition.
- Woodford, Michael (2003), Interest and Prices: Foundations of a Theory of Monetary Policy, Princeton: Princeton University Press.

Grading

Two alternatives

- $\text{Max}(0.7 \times \text{final exam} + 0.3 \times \text{group work}; \text{final exam grade})$

or

- Final exam