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Monetary Economics: Macro Aspects, Spring 2004

Final curriculum

1. Introduction and “Does monetary policy matter for output?”

Walsh (2003, Chapter 1)

2. Money’s role in flexible-price general equilibrium models

Walsh (2003, Chapter 2)

Walsh (2003, Chapter 3; pp. 95-120; pp. 126-131)

Walsh (2003, Chapter 4; pp. 135-164; 172-187; 192-195)

3. Money’s role with incomplete nominal adjustment

Walsh (2003, Chapter 5: pp. 199-223).

4. Rules versus discretion: Credibility problems (I)

Walsh (2003, Chapter 8; pp. 363-384; pp. 393-425); Jensen (2003).

5. Operating Procedures, Interest Rates and Monetary Policy

Walsh (2003, Chapter 9, pp. 429-448);

Walsh (2003, Chapter 10, pp. 473-480; 488-515)

Taylor (1993); Clarida et al. (1998)

6. Monetary policy conduct in “New Keynesian” settings: Credibility problems (II)

Clarida et al. (1999); Jensen (2002a).

Recommended reading (not required): Clarida et al. (2000); Woodford (1999).

7. Open-economy Aspects and Monetary Policy Coordination

Walsh (2003, Chapter 6, pp. 269-305).

Recommended reading (not required): Benigno (2002); Clarida et al. (2002), Obstfeld and Rogoff (2002).

8. Inflation Targeting

Bernanke and Mishkin (1997); Svensson (1997); Walsh (2001).

Recommended reading (not required): Svensson (1999, 2000a,b)

9. Transparency of Monetary Policymaking

Jensen (2002b)

Recommended reading (not required): Faust and Svensson (2001); Geraats (2002).

References

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- Faust, J. and L.E.O. Svensson, 2001, Transparency and Credibility: Monetary Policy with Unobservable Goals, *International Economic Review* 42, 369-397.
- Geraats, P.M., 2002, Central Bank Transparency, *The Economic Journal* 112, F532-F565
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- Obstfeld, M. and K.S. Rogoff, 2002, Global Implications of Self-Oriented National Monetary Rules, *Quarterly Journal of Economics* 117, 503-535.
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Woodford, M., 1999, Commentary: How Should Monetary Policy Be Conducted in an Era of Price Stability?, in *New Challenges for Monetary Policy*, A symposium sponsored by the Federal Reserve Bank of Kansas City, 277-316.