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# Monetary Economics: Macro Aspects

## Spring 2006

### Curriculum

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

Walsh (2003, Chapter 1).

Recommended reading (not required): Romer and Romer (2004).

#### **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).

#### **5. Operating Procedures, Interest Rates and Monetary Policy**

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

Walsh (2003, Chapter 10, pp. 499-512).

Recommended reading (not required): Taylor (1993); Clarida et al. (1998); Walsh (2003, Chapter 10, pp. 473-480; 488-499).

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

Clarida et al. (1999).

Recommended reading (not required): Clarida et al. (2000); Woodford (1999), Walsh (2003, Chapter 5, 230-254).

#### **7. Open-economy Aspects and Monetary Policy Coordination**

Walsh (2003, Chapter 6, pp. 269-297).

Recommended reading (not required): Clarida et al. (2002); Benigno (2002); Walsh (2003, Chapter 6, pp. 297-304).

#### **8. Inflation Targeting**

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

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

## References

- Benigno, P., 2002, A Simple Approach to International Monetary Policy Coordination, *Journal of International Economics* 57, 177-196.
- Bernanke, B.S. and F. Mishkin, 1997, Inflation Targeting: A New Framework for Monetary Policy? *Journal of Economic Perspectives* 11, 97-116.
- Clarida, R., J. Galí and M. Gertler, 1998, Monetary Policy Rules in Practice: Some International Evidence, *European Economic Review* 42, 1033-1067.
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- Romer, C. D. and D. H. Romer, 2004, A New Measure of Monetary Shocks: Derivation and Implications, *American Economic Review* 94, 1055-1084.
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- Taylor, J.B., 1993, Discretion versus Policy Rules in Practice, *Carnegie-Rochester Conference Series on Public Policy* 39, 195-214.
- Walsh, C.E., 2003, *Monetary Theory and Policy*. Second edition. The MIT Press.
- 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.