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Monetary Economics: Macro Aspects Spring 2013

Final curriculum

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

Literature: Walsh (2010): Chapter 1.

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

Literature: Walsh (2010): Chapter 2, pp. 33-86; Chapter 3, pp. 91-115 plus relevant appendix (material on shopping-time models is only recommended reading).

3. Money’s role with incomplete nominal adjustment

Literature: Walsh (2010): Chapter 5 pp. 195-203 plus relevant appendix. Chapter 6, pp. 225-261 plus relevant appendix. Jensen (2012).

4. Credibility problems in monetary policy

Literature: Walsh (2010): Chapter 7, pp. 269-290. Addendum to slides of April 2

5. Interest Rates, Monetary Policy and Operating Procedures

Literature: Walsh (2010): Chapter 11, pp. 512-530. Chapter 10, pp. 453-475. Jensen (2011).

6. Monetary policy conduct in “New Keynesian” settings

Literature: Walsh (2010): Chapter 8, pp. 329-378 including relevant appendices.

7. Monetary policymaking and the recent crisis

Literature: Auerbach and Obstfeld (2005).

References

A. J. Auerbach and M. Obstfeld, 2005, The Case for Open-Market Purchases in a Liquidity Trap, *American Economic Review* 95, 110-37.

Jensen, H., 2011, Optimal Interest-Rate Setting in a Dynamic IS/AS Model, teaching note, University of Copenhagen, April.

Jensen, H., 2012, Monetary Policy Effectiveness in a Dynamic AS/AD Model with Sticky Wages, teaching note, University of Copenhagen, April.

Walsh, C. E., 2010, *Monetary Theory and Policy*. Third edition. The MIT Press.