I. The Current Financial Crisis:

A. OVERVIEW (own notes).

B. The Mandate of Central Banks.

Olivier Blanchard O, G. Dell’Ariccia and P. Mauro, “Rethinking Macroeconomic
II. The Strategy of Monetary Policy

OVERVIEW:


A. Monetary Policy in a Stochastic Closed Economy Setting: Additive Uncertainty.


B. Monetary Policy under Multiplicative Uncertainty.


III. Recent Monetary Policy Issues: The Debate on Rules vs. Discretion

A. The Time Inconsistency Problem and Strategic Consideration in Monetary Policy: a Simple Model.


B. Revisiting the Time Inconsistency Problem in a Modified Model: A Discussion of Possible Solutions.

*F&G, Ch. 6.


IV. Optimal Monetary Policy in Closed and Open Economies: the New Literature


* F&G, Chapter 7.

B. The Phillips Curve: Recent Incarnations (Light Coverage).

   a. Calvo Framework
   b. Quadratic Price Adjustment Cost Model
   c. Staggered Nominal Wage Contracts
   d. Sticky Information Model
   e. The Natural Rate Hypothesis.

   F&G, Chapter 8

C. Optimal Monetary Policy in the Forward-Looking Model: the Closed Economy.

   a. Optimal Monetary Policy under Commitment
   b. Optimal Monetary Policy under Discretion
   c. Efficient Monetary Policy Strategies
   d. The Debate on Target vs. Instrument Rules.

   *F&G, Chapter 9.

D. Optimal Monetary Policy in the Forward-Looking Model: the Open Economy.

   a. Optimal Monetary Policy under Commitment
   b. Optimal Monetary Policy under Discretion
   c. Appending an Instrument Rule to the Open Economy Model.

   *F&G, Chapter 11.

E. Advanced Topics in the Closed Economy (Light Coverage)

   a. Optimal Monetary Policy from the Timeless Perspective
   b. Price Level vs Inflation Targeting
   c. “The Delegation Issue” in the Context of Price-Level Targeting
   d. Policy-Making in Practice: Speed Limit Policy?
   e. Average Inflation Targeting.

   *F&G, Chapter 10.

F. Advanced Topics in the Open Economy.

   a. Which Rate of Inflation to Target?


G. Optimal Monetary Policy in the Backward-Looking Model.

a. Optimal Policy in the Closed-Economy Model
b. Efficient and Inefficient Strategies of Monetary Policy
c. Is the Taylor Rule an Efficient Strategy?
e. Optimal Policy in the Open-Economy Model
f. Potential Problems with Monetary Conditions Indices (MCI).

*F&G, Chapter 12.

Alfred V. Guender & David Gillmore, “Practical Monetary Policies”, *IF* (Spring 2010).

V. Interaction of Monetary Policy with Fiscal Policy: Seigniorage vs Tax Rates

OVERVIEW:


*Walsh, Ch. 4.4.