

Monetary Theory and Policy III

Fall 2010

Instructor: Yo-Long Lin

Contact: yolong@ncnu.edu.tw

Webpage: <http://staffweb.ncnu.edu.tw/yolong>

Time and Location: Tue 2–5pm in College of Management Building 320R

Office Hours: Wed 3–5pm or by appointment

Course Objective: This course surveys some standard materials and tools for analyzing monetary policy and dynamic macroeconomics. The first half of the class will be primarily lectures, and the second half of the course will be primarily student presentations of some recent issues.

Recommended Textbooks:

1. Walsh, C.E., 2003, *Monetary Theory and Policy*, 2nd edition, MIT Press.
2. Woodford, M., 2003, *Interest and Prices: Foundations of a Theory of Monetary Policy*, Princeton University Press.

Grading: There will be several problem sets (40%) and several oral presentations (60%).

Reading List:

- Adolfson, M. and U. Soderstrom, 2003, How Does The Inflation Target Affect The Economy? *Economic Review*, 50-75.
- 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*, 11:2, 97-116.
- Campbell J. Y. and R. H. Clarida, 1987, The Dollar and Real Interest Rates, *Carnegie-Rochester Conference Series on Public Policy*, 27, 103-140.
- Canzoneri, M. B. and D. W. Henderson, 1988, Is Sovereign Policymaking Bad? *Carnegie-Rochester Conference Series on Public Policy*, 28, 93-140.
- Dennis, R., 2005, Inflation Targeting under Commitment and Discretion, *Federal Reserve Bank of San Francisco Economic Review*, 2005, 1-13.

- Fischer, S., 1987, International Macroeconomic Policy Coordination, NBER working paper.
- Fredman, M., 1968, The Role of Monetary Policy, *American Economic Review*, 58, 1-17.
- Kehoe, P. J., 1989, Policy Cooperation Among Benevolent Governments May Be Undesirable , *The Review of Economic Studies*, 56:2, 289-296.
- Lucas, R., 1996, Monetary Neutrality, *The Journal of Political Economy*, 104:4, 661-682.
- Meese, R. and K. Rogoff, 1988, Was it Real? The Exchange Rate-Interest Differential Relation Over the Modern Floating-Rate Period, *The Journal of Finance*, 43:4, 933-948.
- Neary, P., 1988, Determinants of the Equilibrium Real Exchange Rate, *American Economic Review*, 78:1, 210-215.
- Phelps, E. S., 1967, Phillips Curves, Expectations of Inflation and Optimal Unemployment Over Time, *Econometrica*, 2:3, 22-44.
- Rudebusch, G. D., 2002, Term Structure Evidence on Interest Rate Smoothing and Monetary Policy Inertia, *Journal of Monetary Economics*, 49, 1161-1187.
- Svensson, L. E. O., 2003, The Inflation Forecast and the Loss Function, in: Paul Mizen, ed., *Central Banking, Monetary Theory and Practice: Essays in Honour of Charles Goodhart*, Edward Elgar: Londona, 135-152.
- Taylor, J., 1993, Discretion versus Policy Rules in Practice, *Carnegie-Rochester Conference Series on Public Policy*, 39, 195-214.
- Taylor, J., 1995, The Monetary Transmission Mechanism: An empirical Framework, *Journal of Economic Perspectives*, 9:4, 11-26.
- Zanna, L., 2004, PPP Rules, Macroeconomic (In)stability and Learning, International Finance Discussion Papers: 814, Board of Governors of the Federal Reserve System.