

# Monetary theory

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# Material

- The major part of the talk is based on [Monetary Theory and Policy](#), C. Walsh, MIT press (2000).
- → emphasis put on theory with some stylized facts.
- You can complement by [European Monetary and Fiscal Policy \(2000\)](#), S. Eijffinger - J. De Haan, Oxford University Press (2000).
- → more applied.
- Slides (in English) will be updated on the web site (<http://homepages.ulb.ac.be/~mbeine/>).

# The typical questions raised in this course

- Emphasis on the role of monetary policy in the economy
- What is the impact of monetary policy (MP)?
- How can rationalize the observed evidence of the effects of monetary policy in industrialized countries ?
- How should one organize the way monetary policy is conducted ?
- What are the goals that MP should follow ?
- What are the typical instruments that MP should use ?
- What are the various channels through which MP impacts economic activity?

# Organisation

- Chapter 1. Empirical evidence on the relationship(s) between Money and economic activity.
- Chapter 2. Output and Money in the short and the long run.
- Chapter 3. Rules and Discretion, Time inconsistency and Monetary Policy.
- Chapter 4. The choice of instruments.
- Chapter 5. Transmission channels of MP (**new**): the case for a credit channel.

# Requirements

- The content in the course
- Parts not seen during the lecture → homework