

## Course Descriptions NonDegree 2018-2019

Course Title ECB and Monetary Policy  
 Course Code EBC4023  
 ECTS Credits 6,5  
 Assessment Whole/Half Grades

Period	Start	End	Mon	Tue	Wed	Thu	Fri
1	3-9-2018	26-10-2018		X			X

Level Advanced

Coordinator Clemens Kool For more information: c.kool@maastrichtuniversity.nl

Language of instruction English

Goals

- \* To understand and apply the workhorse (3-equation) model for macroeconomic analysis in a closed economy
- \* To understand the role of expectations in modern macroeconomics and monetary policy
- \* To understand the role of the banking sector in the interaction between the monetary policy and the real economy
- \* To understand and analyse causes and consequences of financial crises
- \* To understand and discuss the relevance of the institutional design of the central bank
- \* To understand and discuss the effectiveness of monetary policy in the short run and the long run

Description

The 2008 financial crisis and the subsequent Great Recession have put monetary policy once again in the spot lights. On the one hand central banks are blamed for creating the crisis, on the other hand they are relied on to provide a way out of economic stagnation. Even almost 10 years later, we are still facing extreme monetary conditions. Interest rates are at the zero lower bound and central banks struggle with the question of how long to continue unconventional monetary policies and when and how to reverse these. This course aims at deepening students' knowledge of the relation between monetary and real phenomena in an economy, to facilitate a thorough analysis of the role of (ECB) monetary policy. In particular, we focus on

- \* the role of money in the economy and the effectiveness of monetary policy in the short run and the long run,
- \* the relation between money and credit and the role of commercial banks and the central bank in their creation
- \* the transmission channels from monetary policy to the real economy under various conditions, and the role of the banking sector in the transmission- the causes and consequences of financial crises
- \* the distinction between the goals and implementation of monetary policy (macroeconomic stability) and macro-prudential policy (financial stability)
- \* the optimal design of monetary policy (independence, transparency and accountability; rules vs discretion; reputation and credibility),
- \* the actual position and policies of the European Central Bank (including a visit)

Literature

- \* W. Carlin and D. Soskice, Macroeconomics: Institutions, Instability and the Financial System, 3rd edition, 2014, Oxford University Press, selected chapters.
- \* Selected articles.

Prerequisites

Second-year macro-economics (BSC; level book Blanchard Et Al "Macroeconomics: A European Perspective"). Exchange students need to have obtained a Bachelor degree with a major in Economics or Econometrics.

Teaching methods PBL / Presentation / Lecture / Papers / Groupwork

Assessment methods Final Paper / Participation / Written Exam

Evaluation in previous academic year For the complete evaluation of this course please click <http://iwio-sbe.maastrichtuniversity.nl/rapporten.asp?referrer=codeUM>

This course belongs to the following programme / specialisation

Master Econometrics and Operations Research	Free Electives
Master Financial Economics	Asset Pricing
Master Financial Economics	Banking
Master Financial Economics	Financial Analysis
Master Fiscal Economics	Economics Electives
SBE Exchange Master	Master Exchange Courses
SBE Non Degree Courses	Master Courses