

7,280 Zentralbanktheorie und -politik (Central bank economics)

Exam, reading list

Nicolas A. Cuche-Curti*

September 2008

Prüfungs-Sprache: German; Prüfungs-Hilfsmittel: Taschenrechner. The main source for the exam is the material covered during the class. Besides, the following references – taken from the SKK script and the course textbook (Walsh, 2003) – are relevant to the exam.

Reading list

MONETARY POLICY STRATEGIES IN GENERAL

- Slides: Monetary policy strategy with international examples (Swiss National Bank, European Central Bank, Federal Reserve, and Bank of England) – SCRIPT from p. 12
- Mishkin, F. (2000): What should central banks do? Review, Federal Reserve Bank of St. Louis 82(5), 1-13 – SCRIPT from p. 31

HISTORY OF MONETARY POLICY STRATEGIES

- Mishkin, F. (2006): Monetary policy strategy: how did we get here? NBER working paper 12515 – SCRIPT from p. 38
- Goodfriend, M. (2007): How the world achieved consensus on monetary policy, NBER working paper 13580 – SCRIPT from p. 111

*Swiss National Bank and University of St. Gallen. Swiss National Bank, P.O. Box, CH-8022 Zurich. Phone: +41 44 631 3859, Fax: +41 44 631 3901, nicolas.cuche-curti@snb.ch, <http://cuche.net>.

Central bank economics

II

- Mishkin, F. (2007): Will monetary policy become more of a science? NBER working paper 13566 – SCRIPT from p. 133

MONETARY POLICY STRATEGY: SWISS NATIONAL BANK

- Swiss National Bank (2007): Accountability report to the Federal Assembly, part 1.1, 11-14 – SCRIPT from p. 59
- Bank for International Settlements (2007): Monetary policy frameworks and central bank market operations, Markets Committee, part Switzerland, 53-56 (only lines 1.1, 1.2, 1.3.2, 1.7, 1.9, 2.1, 2.2, 3.1, 4.1.1, 4.2.1, 4.3.2, 4.3.7) – SCRIPT from p. 63

MONETARY POLICY STRATEGY: OTHER CENTRAL BANKS

- European Central Bank (2006): History, role, and functions, 2nd edition, part 3.1.2, 80-85 – SCRIPT from p. 67
- Bank for International Settlements (2007): Monetary policy frameworks and central bank market operations, Markets Committee, part euro area, 17-20 (only lines 1.1, 1.2, 1.3.2, 1.7, 1.9, 2.1, 2.2, 3.1, 4.1.1, 4.2.1, 4.3.2, 4.3.7) – SCRIPT from p. 73
- Federal Reserve Bank (2005): The federal reserve system, purposes, and functions, 9th edition, part 2, 15-25 – SCRIPT from p. 77
- Bank for International Settlements (2007): Monetary policy frameworks and central bank market operations, Markets Committee, part United States, 61-64 (only lines 1.1, 1.2, 1.3.2, 1.7, 1.9, 2.1, 2.2, 3.1, 4.1.1, 4.2.1, 4.3.2, 4.3.7) – SCRIPT from p. 88
- Bank of England (1997): The new monetary policy framework, letter; Bank of England (2008): Remit for the monetary policy committee, letter – SCRIPT from p. 92
- Bank for International Settlements (2007): Monetary policy frameworks and central bank market operations, Markets Committee, part United Kingdom, 57-60 (only lines 1.1, 1.2, 1.3.2, 1.7, 1.9, 2.1, 2.2, 3.1, 4.1.1, 4.2.1, 4.3.2, 4.3.7) – SCRIPT from p. 103

MODELING IN CENTRAL BANKS

- Cuche-Curti, N. (2006): Policy-relevant models for central banks, Quarterly Bulletin, Swiss National Bank, 55-57 (parts 1-3) – SCRIPT from p. 107

MODELS AND EMPIRICAL EVIDENCE

- Walsh, C. (2003): Monetary theory and policy, 2nd edition, MIT Press

– Chapter 1

Central bank economics _____ III

- Chapter 2
- Chapter 5 (except sections 5.2, 5.5, 5.7.1)
- Chapter 8 (except section 8.3.4)
- ~~Chapter 10 (except sections 10.2.3, 10.3, 10.4.1, 10.4.3)~~

Cuche-Curti, N. (2008): SKK Script

- Sections related to relevant chapters in Walsh (2003)

TECHNICAL KNOWLEDGE _____

Students should be able...

- to understand the necessary calculation steps behind the key equations presented during the course; to describe such steps and their intuition in a few sentences
- to optimize (maximize/minimize) the objective functions of economic agents in general equilibrium models; to get first order optimal conditions; to describe the intuition and economic implication of such equations in a few sentences
- to linearize simple non linear equations

NOT RELEVANT TO THE EXAM _____

- Walsh (2003): Chapters 3, 4, 6, 7, 9, 11
- Hornstein (2008) – SCRIPT from p. 192
- Galí (2008) – SCRIPT from p. 204

Blinder et al.