Monetary and Fiscal Policy: Theory and Practice
Field Course (4 CP, Macroeconomics)

General Information and Schedule

This lecture is a 2\textsuperscript{nd} year Ph.D./MSQE field course (4 CP, Macroeconomics) taking place during the 1\textsuperscript{st} half of the summer semester 2014.

Time: Tuesdays 10 - 12 a.m. and Wednesdays 10 - 12 a.m.
Location: Tuesdays and Wednesdays: Room Sydney (House of Finance 3.45)
First lecture: Wednesday, April 16, 2014
Last lecture: Wednesday, May 28, 2014

Teaching Assistant: Tilman Bletzinger (HoF 4.50), office hours: Tuesdays 2 – 4 p.m.

Registration: Please send an e-mail to Tilman Bletzinger (bletzinger@econ.uni-frankfurt.de) to confirm that you wish to obtain regular course information and whether you will take this course for credit. Please include your “matrikel” number, student status (Ph.D. or MSQE), year of study and full name.

Course Requirements

Throughout the course two problem sets will be offered to allow you to study and apply the various models and concepts in practice. There will also be a final exam. The course grade will depend on the final exam (70%) and on the problem sets (30%).

Course Overview, Objective and Background Readings

The objective of this course is to provide an introduction to the analysis of monetary and fiscal policy making with practical applications to current policy challenges. Examples from the European Union, the United States and Japan will be discussed. We will develop theoretical models of monetary and fiscal policy and learn how different policy recommendations can be evaluated using these models. Students will conduct practical simulation exercises and make use of MATLAB-based software tools for model analysis.
The following is an outline listing the main topics of the lectures and relevant background readings. Further details regarding the schedule, slides and handouts will be provided during the course.

Short Outline:

1. Introduction
2. Monetary models and monetary policy rules
3. Optimal and New Keynesian modelling: Inflation targeting and the ECB
4. Quantitative easing and the zero bound on nominal interest rates
5. Government budget constraints and monetary-fiscal policy linkages
6. Fiscal stimulus and multiplier effects
7. Government debt dynamics and fiscal consolidation

Background Readings: (required *)

Book Chapters:

Chapter 4: Money and Public Finance. *


Journal Articles:


