THE THEORY OF MONETARY POLICY

Part One	Monetary policy goals and instruments
Chapter 1	Definition and measurement of monetary aggregates 1.1 The criteria for choosing the components of an aggregate 1.2 The methods for constructing a monetary aggregate 1.3 The design of central bank digital currencies [R: Ch. 1.1]
Chapter 2	Monetary policy goals and indicators 2.1 The evolution of monetary policy objectives 2.2 The typology of monetary policy objectives 2.3 Monetary policy indicators [R: Ch. 7.1-7.2]
Chapter 3	Monetary policy instruments 3.1 Traditional monetary policy tools 3.2 Modern monetary policy instruments 3.3 Scope and limits of monetary policy interventions [R: Ch. 8.1-8.2]
Part Two	Monetary policy strategies and transmission mechanisms
Part Two Chapter 1	Monetary policy strategies and transmission mechanisms Monetary targeting strategies 1.1 The characteristics of monetary targeting 1.2 The pros and cons of monetary targeting 1.3 Scope and limits of monetary targeting [R: Ch. 7.3.1]
	Monetary targeting strategies 1.1 The characteristics of monetary targeting 1.2 The pros and cons of monetary targeting 1.3 Scope and limits of monetary targeting

Monetary policy rules and institutions
The debate on "rules or discretion?" 1.1 The origin of the debate 1.2 Some monetary policy rules 1.3 Monetary policy lags
[R: Ch. 9.1]
The dynamic inconsistency problem 2.1 Discretionary monetary policies 2.2 Time-consistent monetary policies 2.3 The importance of external communication [R: Ch. 9.2]
Central bank credibility, independence, and accountability 3.1 Central bank credibility 3.2 Central bank independence 3.3 Central bank accountability [R: Ch. 9.3]

[The indications in brackets refer to the corresponding chapters in the textbook: R = Rossi(2008).]

REFERENCES

1. Textbooks

- Rochon, L.-P. and S. Rossi (eds) (2015) *Encyclopedia of Central Banking*, Cheltenham and Northampton: Edward Elgar.
- Rossi, S. (2008) *Macroéconomie monétaire: théories et politiques*, Brussels, Paris and Zürich: Bruylant, LGDJ and Schulthess.

2. Other references

- Altissimo, F., E. Georgiou, T. Sastre, M.T. Valderrama, G. Sterne, M. Stocker, M. Weth, K. Whelan and A. Willman (2005) "Wealth and asset price effects on economic activity", European Central Bank *Occasional Paper*, no. 29.
- Bank for International Settlements (2020), "Central bank digital currencies: foundational principles and core features", Basel: Bank for International Settlements.
- Bank of England (2020), "Central bank digital currency: opportunities, challenges, and design", *Discussion Paper*, London: Bank of England.
- Batini, N. and A. Yates (2001) "Hybrid inflation and price level targeting", Bank of England *Working Paper*, no. 135.
- Bean, C., J. Larsen and K. Nikolov (2002) "Financial frictions and the monetary transmission mechanism: theory, evidence and policy implications", European Central Bank *Working Paper*, no. 113.
- Blattner, T., M. Catenaro, M. Ehrmann, R. Strauch and J. Turunen (2008) "The predictability of monetary policy", European Central Bank *Occasional Papers*, no. 83.
- Board of Governors of the Federal Reserve System (2022), "Money and payments: the U.S. dollar in the age of digital transformation", Washington, DC: Federal Reserve System.
- Bofinger, P. (2001) *Monetary Policy: Goals, Institutions, Strategies and Instruments*, Oxford: Oxford University Press.
- Broaddus, J.A., Jr. (2001) "Transparency in the practice of monetary policy", Federal Reserve Bank of Richmond *Economic Quarterly*, 87(3), pp. 1–9.
- Castelnuovo, E., S. Nicoletti-Altimari and D. Rodríguez-Palenzuela (2003) "Definition of price stability, range and point inflation targets: the anchoring of long-term inflation expectations", European Central Bank *Working Paper*, no. 273.
- Committee on Payments and Market Infrastructures (2018), "Central bank digital currencies", Basel: Bank for International Settlements.
- Deutsche Bundesbank (2001) "Bank balance sheets, bank competition and monetary policy transmission", *Monthly Report*, 53(9), pp. 51–70.
- Diron, M. and B. Mojon (2005) "Forecasting the central bank's inflation objective is a good rule of thumb", European Central Bank *Working Paper*, no. 564.
- Dotsey, M., C.D. Lantz and L. Santucci (2000) "Is money useful in the conduct of monetary policy?", Federal Reserve Bank of Richmond *Economic Quarterly*, 86(4), pp. 23–48.
- Ehrmann, M. and M. Fratzscher (2005a) "How should central banks communicate?", European Central Bank *Working Paper*, no. 557.

- Ehrmann, M. and M. Fratzscher (2005b) "The timing of central bank communication", European Central Bank *Working Paper*, no. 565.
- Ehrmann, M. and M. Fratzscher (2007) "Explaining monetary policy in press conferences", European Central Bank *Working Paper*, no. 767.
- Eijffinger, S.C.W. and M.M. Hoeberichts (2000) "Central bank accountability and transparency: theory and some evidence", Economic Research Centre of the Deutsche Bundesbank *Discussion Paper*, 6/00.
- Ennis, H.M. and J.A. Weinberg (2007) "Interest on reserves and daylight credit", Federal Reserve Bank of Richmond *Economic Quarterly*, 93(2), pp. 111–142.
- European Central Bank (2005) "Asset price bubbles and monetary policy", *Monthly Bulletin*, 7(4), pp. 47–60.
- European Central Bank (2020), *Report on a Digital Euro*, Frankfurt: European Central Bank.
- Fisher, P., S. Hudson and M. Pradhan (1993) 'Divisia indices for money: an appraisal of theory and practice', Bank of England *Working Paper*, no. 9.
- Friedman, M. (1991) Monetarist Economics, Oxford: Basil Blackwell.
- Gambacorta, L. (2005) "How do banks set interest rates?", *Temi di discussione*, Roma: Banca d'Italia, no. 542.
- Goodfriend, M. (2004) "Monetary policy in the new neoclassical synthesis: a primer", Federal Reserve Bank of Richmond *Economic Quarterly*, 90(3), pp. 21–45.
- Hafer, R.W. (2001) "What remains of monetarism?", Federal Reserve Bank of Atlanta *Economic Review*, 86(4), pp. 13–33.
- Hein, S.E. and J.D. Stewart (2002) "Reserve requirements: a modern perspective", Federal Reserve Bank of Atlanta *Economic Review*, 87(4), pp. 41–52.
- Hetzel, R.L. (2000) "The Taylor rule: is it a useful guide to understanding monetary policy?", Federal Reserve Bank of Richmond *Economic Quarterly*, 86(2), pp. 1–33.
- Hetzel, R.L. (2005) "What difference would an inflation target make?", Federal Reserve Bank of Richmond *Economic Quarterly*, 91(2), pp. 45–72.
- Laidler, D. (ed.) (1999) *The Foundations of Monetary Economics*, Cheltenham: Edward Elgar, 3 vols.
- Lippi, F. (1999) *Central Bank Independence, Targets and Credibility*, Cheltenham: Edward Elgar.
- Mahadeva, L. and P. Sinclair (eds) (2005) *How Monetary Policy Works*, London: Routledge.
- Mankiw, N.G. (ed.) (1994) *Monetary Policy*, Chicago: University of Chicago Press.
- Mankiw, N.G. and R. Reis (2002) "What measure of inflation should a central bank target?", European Central Bank *Working Paper*, no. 170.
- Mastromatteo, G. and S. Rossi (2023) "Central bank digital currencies: a monetary macroeconomic analysis", *International Economics*, 76(3), pp. 387–416.
- McCallum, B.T. (1989) Monetary Economics, New York: Macmillan.
- McCallum, B.T. (2002) "Recent developments in monetary policy analysis: the roles of theory and evidence", Federal Reserve Bank of Richmond *Economic Quarterly*, 88(1), pp. 67–96.
- Mehra, Y. and B.D. Minton (2007) "A Taylor rule and the Greenspan era", Federal Reserve Bank of Richmond *Economic Quarterly*, 93(3), pp. 229–250.
- Rich, G. (2000) "Monetary policy without central bank money: a Swiss perspective", *International Finance*, 3(3), pp. 439–469.
- Taylor, J.B. (ed.) (1999) Monetary Policy Rules, Chicago: University of Chicago Press.