Trinity College Dublin
Coláiste na Tríonóide, Baile Átha Cliath
The University of Dublin

ECP77244 — Monetary Policy

Module Information	
Module Code	ECP77244
Module Title	Monetary Policy
Department	Economics
Module Personnel	Professor Joan J. Martinez
Academic Year	2026–27
Credit Weighting	5 credits
Semester	Semester 2
Contact Hours	8 hours of lectures and 3 hours of tutorials

Module Content	
Module Description	Which is the primary objective of central banks? How do central banks implement their monetary policies? How can monetary policy affect the business cycles? This course will examine the evolution of central bank targets and evaluate different theories attempting to identify optimal monetary policy tools. To do so, we will look at Taylor rules and study a classical monetary model that bases macroeconomic dynamics on microeconomic foundations. It concludes with a discussion of a simple New Keynesian model and review the strengths and weaknesses of this type of model. Topics covered include: Lectures: 1. The Barro-Gordon Model 2. The Taylor Rule 3. A Classical Monetary Model 4. The Simplest New Keynesian Model Tutorials: 1. Problem Set 1: Barro-Gordon Model 2. Problem Set 2: Taylor Rule 3. Problem Set 3: New Keynesian Business Cycle
Module Learning Aims	To examine the evolution of central bank targets and evaluate different theories attempting to identify optimal monetary policy tools.

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Module Content	
Learning Outcomes	On completion of the course, students will be able to: 1. Exposit and critically appraise modern theoretical models of the determination of the major macroeconomic variables in light of empirical evidence. 2. Use appropriately the main techniques and methodologies employed in macroeconomic theory. 1. 3. Elucidate the role of money in explaining business cycles under different modelling strategies.
Indicative Reading / Resources	Readings will be drawn from a selection of academic papers. Overviews of some of the core material covered in the module are provided by: Papers: - Barro and Gordon (1983). A Positive Theory of Monetary Policy in a Natural Rate Model, Journal of Political Economy. - Taylor, J. B. (1993). Discretion versus policy rules in practice, Carnegie-Rochester Conference Series on Public Policy. Textbooks: - Galì, J. (2015). Monetary policy, inflation, and the business cycle: an introduction to the new Keynesian framework and its applications. Princeton University Press. - Walsh, C. E. (2010). Monetary theory and policy, MIT Press.

Assessment	
Assessment Components	Final examination 70%, weekly problem sets (continuous assessment) 30%
Assessment Details	Assessment for the module is based on a final exam accounting for 70% of the grade. In addition, students will hand in weekly problem sets making up the remaining 30%. The written examination is 1.5 hours in duration. Reassessment is by supplemental examination (100%).

Additional Information	
Prerequisites	None
Co-requisites	None
Any other information	None