

UNIVERSITY OF CALGARY

Department of Economics

Economics 711 (01) Monetary Theory and Policy

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Fall, 2010

Topics & Readings

FUNDAMENTALS OF MONETARY POLICY RESEARCH

a. *Introduction to Time Series and Stochastic Dynamic Models*

James D. Hamilton. *Time Series Analysis*, Princeton (1994). Chapters 2, 11, 15, and 19.

Walter Enders. *Applied Econometric Time Series*, Wiley (2004). Chapters 4-6.

b. *Money, Output, and Prices*

Christopher Sims. "Money, Income, and Causality." *American Economic Review* 62 (1972), 540-552.

Ben S. Bernanke. "Alternative Explanations of the Money-Income Correlation." *Carnegie Rochester Conference Series on Public Policy*, 25 (1986), .

James H. Stock and Mark W. Watson. "Interpreting the Evidence on Money-Income Causality." *Journal of Econometrics* 40 (1989), 161-181.

James Cover. "Asymmetric Effects of Positive and Negative Money-Supply Shocks." *Quarterly Journal of Economics* 107 (1992), 1261-1282.

c. *Estimating the Effects of Money Shocks*

Christopher Sims. "Macroeconomics and Reality." *Econometrica* 48 (1980), .

Ben S. Bernanke and Alan S. Blinder. "The Federal Funds Rate and the Channels of Monetary Transmission." *American Economic Review* 82 (1992), 901-921.

Christopher Sims. "Interpreting the Macroeconomic Time Series Facts: The Effects of Monetary Policy." *European Economic Review* 36 (1992), 975-1000.

Martin Eichenbaum. "Comments on 'Interpreting the Macroeconomic Time Series Facts: The Effects of Monetary Policy' by Christopher Sims." *European Economic Review* 36 (1992), 1001-1011.

Eric M. Leeper and David B. Gordon. "In Search of the Liquidity Effect." *Journal of Monetary Economics* 29 (1992), 341-369.

Steven Strongin. "The Identification of Monetary Policy Disturbances: Explaining the Liquidity Puzzle." *Journal of Monetary Economics* 35 (1995), 463-497.

Lawrence J. Christiano, Martin Eichenbaum, and Charles Evans. "The Effects of Monetary Policy Shocks: Evidence from the Flow of Funds." *Review of Economics and Statistics* 78 (1996), 16-34.

Michael Dueker and Apostolos Serletis. "The Sensitivity of Empirical Studies to Alternative Measures of the Monetary Base and Reserves." The Federal Reserve Bank of St. Louis *Review* 78 (1996), 51-69.

MONETARY GROWTH THEORY

a. *Descriptive Growth Theory and Money*

Robert M. Solow, "A Contribution to the Theory of Growth." *Quarterly Journal of Economics* 70 (1956), 65-94.

James Tobin. "Money and Economic Growth." *Econometrica* 33 (1965), 671-684.

Levhari, D. and D. Patinkin. "The Role of Money in a Simple Growth Model." *American Economic Review* (1968), 713-753.

b. *The Optimal Growth Model with Money*

Miguel Sidrauski. "Rational Choice and Patterns of Growth in a Monetary Economy." *American Economic Review* 57 (1967), 534-544.

Apostolos Serletis, *The Demand for Money: Theoretical and Empirical Approaches*. Springer (2007), Chapters 4 and 5.

c. *The Overlapping Generations Model with Money*

Olivier Jean Blanchard and Stanley Fischer. *Lectures in Macroeconomics* (1989), Chapter 3, Parts 1 and 2.

Apostolos Serletis, *The Demand for Money: Theoretical and Empirical Approaches*. Springer (2007), Chapter 5.

d. *Empirical Evidence on the Neutrality of Money*

Robert E. Lucas Jr. "Two Illustrations of the Quantity Theory of Money." *American Economic Review* 70 (1980), 1005-1014.

Mark Fisher and John Seater. "Long-Run Neutrality and Superneutrality in an ARIMA Framework." *American Economic Review* 83 (1993), 402-415.

Robert King and Mark Watson. "Testing Long-Run Neutrality." Federal Reserve Bank of Richmond *Economic Quarterly* 83 (1997), 69-101.

Robert E. Lucas Jr. "Monetary Neutrality." *Journal of Political Economy* 104 (1996), 661-682.

Apostolos Serletis and Zisimos Koustas. "International Evidence on the Neutrality of Money." *Journal of Money, Credit and Banking* 30 (1998), 1-25.

Zisimos Koustas and Apostolos Serletis. "On the Fisher Effect." 44 (1999), 105-130.

Zisimos Koustas and Apostolos Serletis. "Monetary Aggregation and the Neutrality of Money." *Economic Inquiry* 39 (2001), 124-138.

MONEY, INFLATION, AND WELFARE

a. *Government Revenue from Money Creation*

Phillip Cagan. "The Monetary Dynamics of Hyperinflation." In Milton Friedman (ed.), *Studies in the Quantity Theory of Money*. Chicago: University of Chicago Press, 1956.

Milton Friedman. "Government Revenue from Inflation." *Journal of Political Economy* 79 (1971), 846-856.

Leonardo Aurnheimer. "The Honest Government's Guide to the Revenue from the Creation of Money." *Journal of Political Economy* 82 (1974), 598-606.

Guillermo Calvo. "Optimal Seigniorage from Money Creation." *Journal of Monetary Economics* (1978),

Gregory N. Mankiw. "The Optimal Collection of Seigniorage: Theory and Evidence." *Journal of Monetary Economics* 20 (1987), 327-341.

b. *The Welfare Cost of Inflation*

Martin Bailey. "The Welfare Cost of Inflationary Finance." *Journal of Political Economy* 64 (1956), 93-110.

Robert E. Lucas Jr., "Inflation and Welfare." *Econometrica* 68 (2000), 247-274.

Apostolos Serletis and Kazem Yavari, "The Welfare Cost of Inflation in Canada and the United States." *Economics Letters* 84 (2004), 199-204.

THE DEMAND FOR MONEY AND MONETARY AGGREGATION ISSUES

a. *Traditional Money Demand Specifications*

Apostolos Serletis. *The Demand for Money: Theoretical and Empirical Approaches*. Springer (2007). Chapters 7-14.

Stephen M. Goldfeld and Daniel E. Sichel. "The Demand for Money." In Benjamin M. Friedman and Frank H. Hahn (eds.). *Handbook of Monetary Economics*, Chapter 8.

b. *New Approaches to Monetary Aggregation*

William A. Barnett. "Economic Monetary Aggregates: An Application of Aggregation and Index Number Theory." *Journal of Econometrics* 14 (1980), 11-48.

William A. Barnett, E.K. Offenbacher, and P.A. Spindt. "The New Divisia Monetary Aggregates." *Journal of Political Economy* 92 (1984), 1049-1085.

Julio J. Rotemberg, John C. Driscoll, and James M. Poterba. "Money, Output, and Prices: Evidence from a New Monetary Aggregate." *Journal of Business and Economic Statistics* 13 (1995), 67-83.

Michael T. Belongia. "Measurement Matters: Recent Results from Monetary Economics Re-examined." *Journal of Political Economy* 104 (1996), 1065-1083.

Apostolos Serletis. *The Demand for Money: Theoretical and Empirical Approaches*. Springer (2007). Chapters 16 and 17.

c. *Consumer Theory and the Demand for Money*

William A. Barnett, Douglas Fisher, and Apostolos Serletis. "Consumer Theory and the Demand for Money." *Journal of Economic Literature* 30 (1992), 2086-2119.

Apostolos Serletis. *The Demand for Money: Theoretical and Empirical Approaches*. Springer (2007). Chapters 15 and 18-24.

Apostolos Serletis and Asghar Shahmoradi. "Semi-Nonparametric Estimates of the Demand for Money in the United States." *Macroeconomic Dynamics* 9 (2005), 542-559.

Apostolos Serletis and Asghar Shahmoradi. "Flexible Functional Forms, Curvature Conditions, and the Demand for Assets." *Macroeconomic Dynamics* 11 (2007), 455-486.

William A. Barnett and Apostolos Serletis. "Consumer Preferences and Demand Systems." *Journal of Econometrics* 147 (2008), 210-224.

William A. Barnett and Apostolos Serletis. "Measuring Consumer Preferences and Estimating Demand Systems." In Daniel Slottje (ed.), *Quantifying Consumer Preferences: Estimating Demand Systems*. Contributions to Economic Analysis. Elsevier (forthcoming).

William A. Barnett and Apostolos Serletis. "The Differential Approach to Demand Analysis and the Rotterdam Model." In Daniel Slottje (ed.), *Quantifying Consumer Preferences: Estimating Demand Systems*. Contributions to Economic Analysis. Elsevier (forthcoming).

MONETARY POLICY

a. *Rules versus Discretion in Monetary Policy*

Stanley Fischer. "Rules versus Discretion in Monetary Policy." In Benjamin M. Friedman and Frank H. Hahn (eds.), *Handbook of Monetary Economics*, Chapter 21.

b. *Targets and Instruments of Monetary Policy*

Benjamin M. Friedman. "Target and Instruments of Monetary Policy." In Benjamin M. Friedman and Frank H. Hahn (eds.), *Handbook of Monetary Economics*, Chapter 22.

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