

## **Lecture: Monetary Economics and Central Banking**

Technische Universität Berlin, Summer Term 2019

Content:	Monetary Macroeconomics
Addressees:	Economists and Industrial Engineers
Type of course:	Integrated lecture and tutorial
Requirements:	Introduction to Microeconomics Introduction to Macroeconomics
Attribution:	Master-Studies
Examination:	Exam and term paper

### **Information about location and dates:**

Lecture/Tutorial 1:	Friday, 31 May, 2019, 12:00 - 17:30, room BIB 014
Lecture/Tutorial 2:	Saturday, 01 June, 2019, 9:00 - 14:30, room BIB 014
Lecture/Tutorial 3:	Friday, 12 July, 2019, 12:00 - 17:30, room BIB 014
Lecture/Tutorial 4:	Saturday, 13 July, 2019, 9:00 - 14:30, room BIB 014

### **Content:**

The course is intended to introduce students to key topics in practical central banking, starting from a rigorous financial accounts (or “flow of funds”) approach. The basic issues of monetary frameworks can be understood relatively easily in a simple flow of funds framework.

The course also explains domestic monetary policy implementation issues and the key monetary policy instruments (open market operations, standing facilities, reserve requirements, collateral) and how they are used to control the operational target of monetary policy (the short term interbank rate) in normal times. Moreover, the course introduces into the dynamics of liquidity crises to explain the implied challenges of monetary policy and the central bank's lender of last resort function. The course is structured as follows.

- 1. Economic accounts and financial system**
- 2. Central bank**
- 3. Conventional monetary policy**
- 4. Unconventional monetary policy**
- 6. Financial stability**
- 7. Lender of last resort**
- 8. International monetary system**

A lecture text is made available on the course home page. Students should print out this lecture text (ideally in color) and bring it to the lectures.

Moreover, a tutorial will be placed on the course homepage.

Below is a list of topics for term papers. The expected length of term papers is 10-15 pages including cover page, figures and literature list. The preferred language is English (exceptionally the papers could also be in German). You may want to look through the topics already beforehand so that at the first lecture you could ask questions and choose a topic. The term paper will contribute 50% of the overall marks (the other 50% will be contributed by the exam).

### **List of Term Papers:**

1. Does a TARGET2 deficit mean that a euro area country lives "beyond its means"?  
<http://www.cesifo-group.de/DocDL/sinn-itax-2012-target.pdf>  
<https://www.macroeconomics.tu-berlin.de/fileadmin/fg124/koenig/papers/Target2SovereignDebt.pdf>
2. The ECB's ANFA agreement – was it a scandal?  
[https://www.ecb.europa.eu/explainers/tell-me-more/html/anfa\\_qa.en.html](https://www.ecb.europa.eu/explainers/tell-me-more/html/anfa_qa.en.html)  
<https://www.welt.de/wirtschaft/article152000587/Die-EZB-hat-immer-noch-nicht-verstanden.html>
3. Is the German saver expropriated through low interest rate policies?  
<https://www.ecb.europa.eu/pub/pdf/scpops/ecbop161.en.pdf>  
<http://archive.economonitor.com/blog/2016/03/financial-populism-in-germany/>
4. Does the ECB collateral framework distort financial markets and incentives?  
[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2576075](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2576075)  
<http://www.ecb.europa.eu/pub/pdf/scpops/ecb.op189.en.pdf>
5. ELA in the euro area: framework, transparency, and critique

<https://www.welt.de/wirtschaft/article106342896/In-Europa-schlummern-145-Milliarden-Notkredite.html>  
<https://www.bundestag.de/blob/417394/1bcfcfdfa1a5a4b919c2ca7eb15c4654/pe-6-092-15-pdf-data.pdf>  
<https://www.ecb.europa.eu/mopo/ela/html/index.en.html>

6. Ex post assessment of ELA in the US and UK  
<https://www.bankofengland.co.uk/-/media/boe/files/news/2012/november/the-provision-of-emergency-liquidity-assistance-in-2008-9>  
<https://www.newyorkfed.org/markets/maidenlane.html>
7. Trying to introduce central bank credit and collateral into bank run models – Bindseil (2013) relative to Diamond and Dybvig (1981)  
<https://ideas.repec.org/a/ucp/jpolec/v91y1983i3p401-19.html>  
<https://www.ecb.europa.eu/pub/pdf/scpwps/ecbwp1610.pdf?016dfcc13bc1839f8e712f7b74d7c2d9>
8. The German constitutional court case on OMT: an economic analysis  
[https://www.bundesverfassungsgericht.de/SharedDocs/Pressemitteilungen/DE/2016/bvg16-034.html;jsessionid=76AECDD139673BA98E0821ED5AE3C856.2\\_cid370](https://www.bundesverfassungsgericht.de/SharedDocs/Pressemitteilungen/DE/2016/bvg16-034.html;jsessionid=76AECDD139673BA98E0821ED5AE3C856.2_cid370)  
[https://www.bundesverfassungsgericht.de/SharedDocs/Entscheidungen/DE/2016/06/rs20160621\\_2bvr272813.html](https://www.bundesverfassungsgericht.de/SharedDocs/Entscheidungen/DE/2016/06/rs20160621_2bvr272813.html)  
[https://www.ecb.europa.eu/press/pr/date/2012/html/pr120906\\_1.en.html](https://www.ecb.europa.eu/press/pr/date/2012/html/pr120906_1.en.html)
9. “Plain money” –Financial accounts representation and implications for central bank operations  
[https://www.ssoar.info/ssoar/bitstream/handle/document/12159/ssoar-2001-huber-seigniorage\\_reform\\_and\\_plain\\_money.pdf?sequence=1](https://www.ssoar.info/ssoar/bitstream/handle/document/12159/ssoar-2001-huber-seigniorage_reform_and_plain_money.pdf?sequence=1)
10. The case for / against central bank digital currencies (CBDC).  
<https://www.bis.org/cpmi/publ/d174.htm>  
[http://archive.riksbank.se/Documents/Tal/Ingves/2017/tal\\_ingves\\_171208\\_eng.pdf](http://archive.riksbank.se/Documents/Tal/Ingves/2017/tal_ingves_171208_eng.pdf)
11. Discontinuing and reversing “QE” programs – lessons from the US  
<https://www.federalreserve.gov/monetarypolicy/policy-normalization.htm>  
[https://www.newyorkfed.org/markets/opolicy/operating\\_policy\\_170920](https://www.newyorkfed.org/markets/opolicy/operating_policy_170920)  
<https://www.federalreserve.gov/econres/notes/feds-notes/effect-of-the-federal-reserves-securities-holdings-on-longer-term-interest-rates-20170420.htm>
12. The future of monetary policy implementation frameworks  
<https://www.ecb.europa.eu/press/key/date/2017/html/ecb.sp170525.en.html>  
<https://www.newyorkfed.org/newsevents/speeches/2018/pot181026>  
<https://www.kansascityfed.org/~/-/media/files/publicat/sympos/2016/2016bindseil.pdf?1a=en>
13. Policy normalization by the US Fed: interest rate control with excess liquidity  
<https://www.newyorkfed.org/medialibrary/media/markets/omo/omo2015-pdf.pdf>  
<https://www.newyorkfed.org/medialibrary/media/markets/omo/omo2016-pdf.pdf>

14. Targeted longer-term refinancing operations in the UK and euro area: justifications and modalities

<https://www.ecb.europa.eu/mopo/implement/omo/tltro/html/index.en.html>

<https://www.bankofengland.co.uk/markets/funding-for-lending-and-other-market-operations>

15. Eurosystem monetary policy implementation: what has changed during the last ten years?

<https://www.ecb.europa.eu/pub/pdf/scpops/ecbocp135.pdf?c18a6c50e4fcefead8aff7a5d82db5f4>

<https://www.ecb.europa.eu/pub/pdf/scpops/ecb.op188.en.pdf?1ed71ae150b45e8633669345e1d1d57b>

<https://www.ecb.europa.eu/pub/pdf/scpops/ecb.op209.en.pdf?05aed889ddba45502a293ffde0925dd8>