



**Thematic Course**

<b>Academic Year</b>	2023-24
<b>Subject</b>	Rules versus Discretion in Monetary Policy
<b>Instructor</b>	Prof. Luca Agnello
<b>Course description</b>	<p>By focusing on models of time inconsistency, the course provides the theoretical framework to understand the incentives faced by central banks, the nature of the decision problems they face and the policy outcomes.</p> <p>Topics: i) The BG model and uncertainty, ii) Solutions to inflation bias: a) reputational solutions and the credibility of trigger strategies b) temptation and enforcement; c) delegation solutions; d) the contracting approach; e) flexible and strict targeting rules</p>
<b>Learning Objectives</b>	The goal is to provide students with a guide to the current state of the debate over rules versus discretion in monetary policy
<b>Suggested readings</b>	Walsh C. E. Monetary Theory and Policy, MIT press, Third edition (Chapter 7-Discretionary Policy and time Inconsistency)
<b>Course Activity (hrs)</b>	8
<b>Credits</b>	
<b>Assessment Method</b>	
<b>Teaching Methods</b>	Lectures
<b>Calendar</b>	May
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