

Unconventional Monetary Policy: Theory and Practice

Teacher: Ciaran Rogers

Duration: 18h

Number of ECTS credits: 3

Education level	Period	Language of instruction	Max. class size	Teaching Mode
Master	S2	English	XX	In-Person

OVERVIEW

This course will attempt to help students understand asset purchases as a monetary policy tool, both in theory and in practice. It begins with introducing and describing the mechanics of asset purchases. It then moves towards illustrating how the literature incorporates this policy tool into otherwise standard models. It continues with surveying the literature that attempts to empirically evaluate asset purchases in terms of impacting asset prices and/or the real economy. It concludes by investigating some potential adverse effects caused by this policy tool that is gaining increased attention in the past year or two. See the full syllabus via this [link](#) on my website.

LEARNING OUTCOMES

1. Solid understanding of the Irrelevance Result of QE, and the mechanics of central bank operations
2. Understand the key channels of the transmission of asset purchases in frontier models
3. Understand the key empirical evidence in support/against asset purchases

DETAILED DESCRIPTION

Key Topics:

See detailed outline below.

Course organization - detailed outline:

<u>Class</u>	<u>Topic</u>	<u>Readings/Materials</u>
#1	Part 1: Introduction and Irrelevance Result	Slides and References
#2	Part 2: Mechanics: Scarce vs Ample Reserves Regime	Slides and References
#3	Part 3: Theory: Bank Lending Channel	Slides and References
#4	Part 4: Theory: Convenience/Collateral Channel	Slides and References
#5	Part 5: Theory: Other Channels	Slides and References
#6	Part 6: Empirics: Evaluation of Asset Purchases	Slides and References
#7	Part 7: Issue 1: Central Bank Solvency	Slides and References
#8	Part 8: Issue 2: Stability of Financial Sector	Slides and References

ESG-related Content:

Environmental-related content	Social-related content	Governance-related content
Minimal content	Minimal content	Minimal content

Competency Goals:

Transformative Management	Innovative Thinking & Problem Solving	Positive Leadership	Sustainable Business Practices
Moderate contribution	Moderate contribution	Moderate contribution	Moderate contribution

TEACHING MATERIALS

We will not be following any textbook. Instead, each part will have a particular focus on one paper that will be recommended reading. I include other pieces of literature for those interested in understanding further the topic.

TEACHING METHODS

Mostly lectures, with active discussions.

COURSEWORK & EVALUATIONS

Tool/method of evaluation	Duration	Weight in the final grading
<i>Class Participation</i>		20%
<i>Paper Proposal and Presentation</i>		60%
<i>Problem Sets</i>		20%

Additional details:

1. Class Participation: incorporates asking questions and contributing to discussions in the lectures, and overall engagement.
2. Paper Proposal & Presentation: this should be around 2-3 pages long and describe: the question you want to address; why you think it is important; why you think the answer of the previous literature is unsatisfactory; and how you plan to improve it. You can use an existing project idea, or a new idea inspired by what we cover. It does not need to be directly related to what we study, as long as it contains some flavor of macro/monetary. This can be done either individually or in a group of 2 (and in fact encouraged to be in a group!) You will also make a 15-20-minute presentation in the final class of the course.
3. Problem Sets: there will be 1-2 problem sets over the course that will be used to ensure solid understanding of some modelling techniques that we will go through.

BIOGRAPHY

Ciaran Rogers is Assistant Professor of Finance at HEC Paris, which he joined in 2023. He obtained a PhD in Economics from Stanford University in 2022 and subsequently became a post-doctoral fellow of CeMoF (Center for Monetary Policy and Financial Stability) in Stockholm for one year. He received his BA in Economics from Cambridge University in 2012, worked as a fixed income trader at Morgan Stanley in London until 2015, and then received his MSc in Economics from the London School of Economics in 2016.

Ciaran's main research interests focus on monetary policy and household finance. His first line of work investigates different monetary policy regimes and the resulting set of feasible policy tools, with a particular focus on central bank asset purchases. He also works with life cycle models that incorporate asset portfolio choice to try and understand household financial decisions observed in survey data (for example, health insurance products and financial asset portfolios).

ESTIMATED WORKLOAD

12-15 hrs/week (revision of notes, completion of assignments, preparation of proposal/presentation)