LECTURE 9

EFFECTS OF POSTWAR MONETARY POLICY
FEBRUARY 19, 2013

I. THE APPROACH
   A. The Basic Idea
   B. The specific type of episode Romer and Romer focus on
   C. A Disinflation in the IS-MP-IA Model
      1. The development we want to analyze
      2. Short-run effects
      3. Long-run effects
   D. Why focus only on this type of episode?

II. IDENTIFYING THE EPISODES

III. EVIDENCE ABOUT THE EFFECTS OF MONETARY POLICY
   A. Basic patterns in the data
   B. The reasoning behind the statistical tests
   C. Regression results
      1. The equation that Romer and Romer actually estimate
      2. Results
   D. Discussion

IV. IMPLICATIONS FOR POSTWAR BUSINESS CYCLES
   A. Monetary Policy as a Source of Recessions
   B. Monetary Policy and Inflation

V. ROMER AND ROMER ON FRIEDMAN AND SCHWARTZ (time permitting)