

Macroeconomics A: EI056

Quizz

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1 Time consistency

Question: Explain the concept of time inconsistency.

2 Gains and losses from rules

Question: Why are rules useful? What's the cost?

3 Conservative central bank

Question: One solution to the time inconsistency problem is to appoint a conservative central banker with a strong distaste for inflation. Explain why this is a solution. Does it have downsides?

4 Empirical evidence

Question: Is central bank independence (CBI) enough to ensure low money growth and inflation?