UNIVERSITY OF MANAGEMENT AND ECONOMICS

APPROVED BY
THE STUDY COMMISSION
Minutes No. 02-12-2026-14
as of 24th August 2026

ANALYSIS OF MONETARY AND FISCAL POLICY

Course code	*GRAE038*
Course title	*Analysis of Monetary and Fiscal Policy*
Type of course	*Compulsory*
Level of course	*Graduate*
Year of study	*2nd*
Number of credits	*6 ECTS (36 contact hours + 2 consultation hours, 124 individual work hours)*
Lecturer	*Dr. Rokas Kaminskas*
Prerequisites	*none*
Teaching language	*English*

THE AIM OF THE COURSE

The course aims to arm students with analytical tools needed to analyse monetary and fiscal policies, as well as their interactions. The course discusses the concept of policy impact, and the ways to measure it. It then discusses the specifics of monetary, fiscal and macroprudential policies with the focus of analytical tools that allow analysing policy instruments and their effects. The students will have to demonstrate their understanding of the topic through an exam and development of policy briefs based on analytical assessment, showing their acquired critical evaluation skills.

MAPPING OF COURSE LEVEL LEARNING OUTCOMES (OBJECTIVES) WITH DEGREE LEVEL LEARNING OBJECTIVES (See Annex), ASSESMENT AND TEACHING METHODS

Course level learning outcomes (objectives)	Degree level learning objectives (Number of LO)	Assessment methods	Teaching methods
CLO1. Students will be able to critically evaluate fiscal and monetary policy instruments and their application in different contexts.	LO3.1, LO4.1	Policy brief, final exam	Lectures, seminars, consultations on policy brief development
CLO2. Students will learn to analyse the impact of economic policy and assess and select tools appropriate for the analysis.	LO4.1	Policy brief, final exam	Lectures, seminars, consultations on policy brief development
CLO3. Students will develop critical skills needed to propose recommendations for economic policy instruments based on analytical assessment.	LO3.1, LO6.1	Policy brief, final exam	Lectures, seminars, consultations on policy brief development
CLO4. Students will learn to prepare a policy brief critically communicating a selected fiscal or monetary policy instrument of their choice and suggesting recommendations for their improvement.	LO 6.1	Policy brief	Lectures, seminars, consultations on policy brief development

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ACADEMIC HONESTY AND INTEGRITY

The ISM University of Management and Economics Code of Ethics, including cheating and plagiarism are fully applicable and will be strictly enforced in the course. Academic dishonesty, and cheating can and will lead to a report to the ISM Committee of Ethics. With regard to remote learning, ISM remind students that they are expected to adhere and maintain the same academic honesty and integrity that they would in a classroom setting.

AI USE POLICY

Students are encouraged to use AI tools freely when preparing for the course at home. This includes using generative AI to explain concepts, summarize materials, generate examples, test understanding, support coding or data analysis, and provide feedback on draft work. The aim is to help students learn how to use AI critically and effectively as part of their independent study. However, both the examination and the assessed group project will be completed in person and without access to electronic tools or AI assistance. Students should therefore use AI during preparation as a learning aid rather than as a substitute for developing their own understanding, since they will be expected to demonstrate and apply that understanding independently during the assessed activities.

Course Content

DATES	TOPIC	IN-CLASS HOURS	SUGGESTED READINGS
2026 11 10	Introduction to Macroeconomic Stabilization Policies. Macroeconomic objectives and distinction of different polices. Historical evolution and policy coordination.	4	Romer (2019) Ch. 11-12, Epilogue
2026 11 12	Monetary policy frameworks. New Keynesian model and monetary transmission. Inflation targeting, Taylor Rule, and interest rate smoothing. ECB, Fed, BoE frameworks.	4	Bindseil & Fotia (2021), pp. 1-28. Romer (2019) Ch. 11.
2026 11 17	Assessing Monetary Policy. Estimating monetary policy stance. Monetary policy shocks and identification. Assessment challenges.	4	Romer (2019) Ch. 11
2026 11 19	Fiscal Policy Theory and Multipliers. Countercyclical fiscal policy and automatic stabilizers. Fiscal multipliers. Debt sustainability.	4	Batini, Eyraud, Forni & Weber (2014) Romer (2019) Ch. 12
2026 11 24	Assessing Fiscal Policy. Fiscal stance indicators. Measuring fiscal impulses and sustainability risks. EU fiscal rules.	4	Romer (2019) Ch. 12 Romer & Romer (2010)
2026 11 26	Monetary-Fiscal Policy Interactions. Monetary vs. fiscal dominance. Coordination vs. conflict in policy regimes.	4	Romer (2019) Ch. 11-12 Cochrane (2025) ECB (2021) pp. 1-27
2026 11 30	Macroprudential Policy. Macroprudential vs. microprudential supervision. Macroprudential policy objectives and tools. Interactions with other policies.	4	Detken et al. (2025) Bochmann et al. (2023)
2026 12 01	Unconventional Policies. Monetary policies: QE, credit easing and forward guidance. Fiscal expansions under high debt. Risks of overstretching fiscal and monetary instruments.	4	Bindseil & Fotia (2021), pp. 53-66 Romer (2019) Ch. 11-12
2026 12 03	Policy challenges and future directions. Real-time policy assessment. Incorporating AI, climate risk and policy uncertainty measures.	4	Romer (2019) Ch. 11-12, Epilogue Baker, Bloom, & Davis (2016) Caldara et al. (2020)
		Total: 36 hours	
	CONSULTATIONS	2	
	FINAL EXAM	2	

FINAL GRADE COMPOSITION

Type of assignment	**%**
Group Components 30%	
Project on policy issues (policy brief)	30
Individual Components 70%	
Final exam	70
Total:	**100**

DESCRIPTION AND GRADING CRITERIA OF EACH ASSIGNMENT
(Provide short descriptions and grading criteria of each assignment)

Group project on policy issues. During the last seminar, students will be divided into groups, and each group will be given a policy scenario together with a set of questions. Group members will be asked to prepare a short policy brief presenting and justifying what they consider to be the best policy response to the situation. Each group will then present its key findings and recommendations. Active participation during seminar discussions may positively influence the final project grade.

Final exam. The final assessment will be a comprehensive examination covering all topics discussed throughout the course. It will evaluate students' understanding of key concepts, theories, and applications introduced in lectures, readings, and seminar discussions.

RETAKE POLICY

Retake covers the final exam (70%) component of the final grade. Project on policy issues (30%) cannot be rewritten / retaken but its evaluation (if positive) is not annulled.

REQUIRED READINGS

Baker, S. R., Bloom, N., & Davis, S. J. (2016). "Measuring Economic Policy Uncertainty." Quarterly Journal of Economics, 131(4), 1593–1636.
Batini, N., Eyraud, L., Forni, L., & Weber, A. (2014). *Fiscal multipliers: Size, determinants, and use in macroeconomic projections*. International Monetary Fund.
Bindseil, U., & Fotia, A. (2021). *Introduction to central banking*. Springer Nature.
Blanchard, O. (2019). Public debt and low interest rates. *American Economic Review*, *109*(4), 1197-1229.
Bochmann, P., Dieckelmann, D., Fahr, S., & Ruzicka, J. (2023). *Financial stability considerations in the conduct of monetary policy*. ECB Working Paper No. 2870.
Caldara, D., Iacoviello, M., Molligo, P., Prestipino, A., & Raffo, A. (2020). "The Economic Effects of Trade Policy Uncertainty." Journal of Monetary Economics, 109.
Cochrane, J. H. (2025). *Monetary-fiscal interactions* (NBER Working Paper No. 34257). National Bureau of Economic Research. https://doi.org/10.3386/w34257
Detken, C., Hempell, H. S., & Pirovano, M. (2025, August). *Macroprudential and monetary policy interaction: The role of early activation of the countercyclical capital buffer.* Macroprudential Bulletin (31). European Central Bank. https://www.ecb.europa.eu/press/financial-stability-publications/macroprudential-bulletin/html/ecb.mpbu20250818_01.en.html
ECB (2021). *Monetary-fiscal policy interactions in the euro area*. ECB Working Paper No. 273.
Romer, C. D., & Romer, D. H. (2010). The macroeconomic effects of tax changes: Estimates based on a new measure of fiscal shocks. *American Economic Review, 100(3)*, 763–801. https://doi.org/10.1257/aer.100.3.763
Romer, D. (2019). *Advanced Macroeconomics*. New York : McGraw-Hill Education.

ADDITIONAL READINGS

Will be provided on eLearning.

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ANNEX

DEGREE LEVEL LEARNING OBJECTIVES

Competency goals and learning objectives for the Master of Social Science
Programmes:
Financial Economics

Competency Goal	**Learning Objective**
Students will demonstrate advanced disciplinary knowledge.	LO1.1. Students will demonstrate advanced discipline knowledge through the independent development of a Master's thesis, showing a deep understanding and appropriate application of theories, concepts, and methods relevant to their field of study.
Students will be digitally competent.	LO 2.1.Students will demonstrate digital agility competencies by selecting and applying appropriate tools, platforms or technologies, integrating digital insights into business decision-making, and adapting digital approaches in response to evolving project requirements and contextual changes.
Students will be critical thinkers	LO3.1. Students will be able to identify underlying assumptions, limitations of previous research; evaluate managerial solution alternatives.
Students will be independent learners	LO4.1. Students will become **independent learners** and develop their own comprehension of scientific theories, models, and concepts
Students will be socially responsible leaders	LO5.1. Students will be able to evaluate past and current practices in their discipline from an **ethical perspective**.
Students will be effective communicators	LO6.1. Students will develop and deliver a **coherent oral presentation**
	LO6.2. Students will develop and deliver a **coherent written research paper**