

**ECO 301: Money and Banking**  
**Annotated Bibliography**  
**Instructor: James Murray**

**Purpose:** One approach to identify a research project idea is to conduct a *literature review*, that is to explore published research that has already been conducted which is related to your problem. A literature review is also an essential component of your research paper. A review of existing literature is used to introduce your reader to relevant background knowledge on the topic and motivate your research by identifying some aspect of the topic that is important to be answered.

**Directions:** Find 10 journal articles (not popular media articles like newspapers or magazines) related to your topic. The following are good places to start looking:

- Murphy Library Databases <http://www.uwlax.edu/murphylibrary/research/popular.htm>.
- Google Scholar: <http://scholar.google.com>.

For each of the journal article, address the following:

1. Write the bibliography information in APA format (You can use the *Purdue Online Writing Lab* website for help on APA formatting: <http://owl.english.purdue.edu/owl/resource/560/01/>).
2. Write a brief description of the article (5-6 sentences).
3. Write in 1-3 sentences why you want to include a citation of this article in your paper. You do not want to cite every journal article on a topic for your paper. You should consider at least one of the following for each article:
  - Background: Does this article provide important background information that is not common knowledge?
  - Motivation: Does the journal article's introduction or conclusion suggest that work along the lines of your research project is important? Does it answer a *related* question to what you will investigate, suggesting your research is also important?

Refer to the *Purdue Online Writing Lab* for more information about annotated bibliographies:  
<http://owl.english.purdue.edu/owl/resource/614/1/>.

**Type up your annotated bibliography and submit to the appropriate D2L dropbox folder by Monday, April 8, 2013.**

**Some possible topics:** There are countless topics that you can explore. Below are some suggestions to help you get started. While I hope you find these ideas useful, all of these need to be narrowed down further to make an appropriate research paper. Feel free to find your own topic outside this list, but first discuss your idea with your instructor.

1. Monetary policy during a particular episode in the United States or another country: Explore what was the conduct of monetary policy during a particular point in time, such as a financial crisis or recession. For example, what actions did the Federal Reserve take following the "Great Inflation" of the late 1970s? What was the justification or what were the goals for this course of action? Was it effective? What more, or what alternative policy, could have been done?
2. Yield curve: What explains movements in the yield curve? Can the yield curve shed light on problems in the economy? Can the yield curve shed light on the effectiveness of monetary policy? Can the yield curve be an effective tool for forecasting?

3. Effectiveness of monetary policy at the zero lower bound: In 2010 the Federal Reserve lowered its key interest rate, the Federal Funds rate, to between 0% and 0.25%. Unable to lower short-term interest rates like this any further, the Fed has conducted rounds of “quantitative easing” since then - expanding money supply even further and in some unique and deliberate ways. Explore these actions, the reasoning behind such policies, and speculate whether these have been effective.
4. Central bank independence: Many argue that allowing a central bank to operate independently from elected policy makers (while still allowing for long-run oversight) is essential for macroeconomic stability. Discuss the arguments and evidence for and against this proposition.
5. Monetary policy targets - inflation targeting versus output stabilization: Should the central bank concern itself with trying to stabilize macroeconomic downturns, focus primarily on maintaining a low, stable inflation rate, or some combination of the two?
6. Regulations and oversight of financial institutions: Should the Central Bank increase/decrease its oversight of the actions of financial institutions in order to reduce individual risky behavior and reduce systemic risk.