

TAYLOR VERSUS MCCALLUM: ASSESSING MONETARY POLICY RULES IN ROMANIA, 2008–2023

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Abstract: *This paper analyzes how two well-known monetary policy rules—Taylor’s Rule and McCallum’s Rule—explain the way the National Bank of Romania (BNR) conducts its monetary policy. The study applies both rules to the Romanian economy over the period 2008–2023, aiming to determine which model more accurately reflects national economic conditions. Empirical methods are used to evaluate the effectiveness of each rule, with estimated dependent variables compared to their observed values to ensure accurate assessment. The results illustrate how monetary policy rules can be applied in practice and provide evidence regarding their relevance within a specific economic context. The topic is important due to the significant role such rules play in shaping modern monetary policy and guiding central banks toward consistent and effective policy decisions.*

Key words: *monetary policy, central bank, Taylor’s Rule, McCallum’s Rule, banking sector stability*

JEL Classification: *E52, E58, E43, E51*

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