COURSE OUTLINE AND READING LIST

1. FISCAL/MONETARY INTERACTIONS: FLEXPRICE MODELS

"A Simple Model...", (Sims, 1994) "Paper Money", (Sims, 2013) (the OG model, first) Active and passive money (Leeper, 1991) "Inflation and the Fiscal Limit", (Davig, Leeper, and Walker, 2011) Can there be a standalone central bank? (Sims and Del Negro, 2013)

2. Optimal fiscal policy with distortionary taxes

"Fiscal Consequences for Mexico..." (Sims, 2001) Contingent government debt in general equilibrium (Lucas and Stokey, 1983) Sticky prices, long debt (Leeper and Zhou, 2013) Can there be a standalone central bank? Sims and Del Negro (2013)

3. Econometric History: The rise and fall of US inflation

Did monetary policy change at all? (Sims and Zha, 2006) Learning the Phillips curve (Primiceri, 2006) Learning the natural rate model (Sargent, Williams, and Zha, 2006) "Stepping on a Rake", (Sims, 2008b) "Fluctuating Macro Policies and the Fiscal Theory", (Davig and Leeper, 2006) "Monetary/Fiscal Policy Mix and Agents' Beliefs". (Bianchi and Ilut, 2013) Solution methods for linear switching RE models: Farmer, Waggoner, and Zha (2011)

4. POLICY AT THE ZERO LOWER BOUND

Eggertsson and Woodford (2003)

Discussion of this by Bianchi and Ilut at the end of their paper. (Bianchi and Ilut, 2013)

5. Econometric history: 2007-present

Del Negro, Giannoni, and Schorfheide (2013) Stock and Watson (2012) Bernanke, Gertler, and Gilchrist (1999) Hubrich and Tetlow (2014)

COURSE OUTLINE AND READING LIST

6. RATIONAL INATTENTION

"Rational Inattention and Monetary Economics", (Sims, 2010)

- "Discrete actions in information-constrained tracking problems", (Jung, Kim, Matějka, and Sims, 2015)
- "Optimal Sticky Prices under Rational Inattention", (Maćkowiak and Wiederholt, 2009)
- "Rationally Inattentive Seller: Sales and Discrete Pricing", (Matějka, 2008)
- "Rigid Pricing and Rationally Inattentive Consumer", (Matějka, 2009)
- "Business Cycle Dynamics under Rational Inattention", Mackowiak and Wiederholt (2015)
- Optimal monetary policy with RI: Wiederholt and Paciello (2014)

For now, read these two for what they tell us about data, not necessarily the modeling.

- "Reference Prices and Nominal Rigidities", (Eichenbaum, Jaimovich, and Rebelo, 2008)
- "Menu Costs, Multi-Product Firms, and Aggregate Fluctuations", (Midrigan, 2010)

If you want further background on information theory:

Elements of Information Theory, (Cover and Thomas, 1991) *Information Theory, Inference, and Learning Algorithms,* (MacKay, 2003)

7. NON-NEUTRALITY OF PRICE LEVEL CHANGES

paper on the Phillips curve and monetary policy, (Sims, 2009)

"Modeling Inflation After the Crisis", (Stock and Watson, 2010)

Two articles by Sbordone on the empirical New Keynesian Phillips Curve: (Sbordone, 2002), (Sbordone, 2003)

Gertler, Sala, and Trigari on unemployment with search in a DSGE, (Gertler, Sala, and Trigari, 2006), (Gertler and Trigari, 2006)

8. BUBBLES

- "Bubbles, Rational Expectations, and Financial Markets", (Blanchard and Watson, 1982)
- "Monetary Policy and Asset Price Volatility" (Bernanke and Gertler, 1999)
- "Speculative investor behavior in a stock market with heterogeneous expectations" (Harrison and Kreps, 1978)
- "Inflation Expectations, Uncertainty and Monetary Policy" (Sims, 2008a)
- "Money Illusion and Housing Frenzies" (Brunnermeier and Julliard, 2008)
- "Heterogeneous Beliefs, Speculation and Trading in Financial Markets" (Scheinkman and Xiong, 2004)
- "Lending Booms: Latin America and the World" (Gourinchas, Valdes, and Landerretche, 2001)

"Bubbles and Crashes" (Abreu and Brunnermeier, 2003) "Bubbly Liquidity" (Farhi and Tirole, 2010)

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