

COURSE OUTLINE AND READING LIST

1. RATIONAL INATTENTION

- “Rational Inattention and Monetary Economics”, (Sims, 2010)
“Discrete actions in information-constrained decision problems”, (Jung, Kim, Matějka, and Sims, 2019)
“Optimal Sticky Prices under Rational Inattention”, (Maćkowiak and Wiederholt, 2009)
“Rationally Inattentive Seller: Sales and Discrete Pricing”, (Matějka, 2016)
“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)
“Dynamic Rational Inattention and the Phillips Curve”, (Afrouzi and Yang, 2020)
Mankiw-Reis “sticky information”, Mankiw and Reis (2002)

If you want further background on information theory:

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

2. MICRO-EMPIRICAL WORK ON STICKINESS

- “Reference Prices and Nominal Rigidities”, (Eichenbaum, Jaimovich, and Rebelo, 2011)
“Menu Costs, Multi-Product Firms, and Aggregate Fluctuations”, (Midrigan, 2010)

3. 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)
“What’s up with the Phillips curve?” Del Negro, Lenza, Primiceri, and Tambalotti (2020)

4. 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)
 Fitting US history with changing policy stances, Leeper, Traum, and Walker (2017)
 Coordinated monetary/fiscal policy to handle ZLB and large debt, Bianchi, Faccini, and Melosi (2020)
 Rhetoric to get off the ZLB? Leeper, Jacobson, and Preston (2017)
 Solution methods for linear switching RE models: Farmer, Waggoner, and Zha (2011)

5. REALLY BIG INFLATIONS

- “The ends of four big inflations”, Sargent (1982)
 Recurrent high inflation in Latin America, Zarazaga (1995, 1994)

6. BUBBLES

- Manias, Panics and Crashes*, (Kindleberger, 1996)
 “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)

7. CREDIT CYCLES?

- Evidence for a credit cycle: Schularick and Taylor (2012)
 Questioning the importance of a credit cycle: Brunnermeier, Palia, Sastry, and Sims (2018)

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