

# Problem Set 1

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ECON815: Topics in Microeconomics

Fall 2019

## **Question 1.** Interests

Broadly speaking, my interests include monetary economics and monetary policy. Seeing the Federal Reserve's handling of the 2007/8 crisis piqued my interest, and reading Bernanke (2015) more or less solidified this area as one that I wanted to study. I read Kahn (2010) during the year after graduating from undergrad, and it helped my understanding of how the Federal Reserve operates. I also read Clarida et al. (1999) during that year to get a more theoretical understanding of how monetary policy works.

Looking Forward, Mundell (1961); Diamond (1965); Benernanke and Blinder (1992); and Bernanke and Mishkin (1997) are all papers that I'm planning to read to get more background in the relevant theory. From that point, I'd like to begin exploring ideas the effects of monetary policy or how monetary policy is conducted.

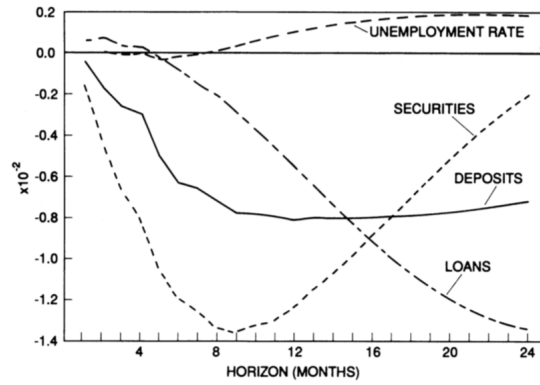
**Question 2.** Equation  
Here is an equation:

$$\max_{\{k_{t+1}\}_{t=0}^{\infty}} \sum_{t=0}^T \beta^t \cdot \ln[Ak_t^\alpha - k_{t+1}]$$

subject to  $k_{t+1} \geq 0$

**Question 3.** Figure Here is a figure:

Figure 1: Responses to A Shock in the Federal Funds Rate



#### Question 4. References

### References

Ben S. Bernanke and Alvin S. Blinder. The federal funds rate and the channels of monetary transmission. *The American Economic Review*, 1992.

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Richard Clarida, Jordi Gali, and Mark Gertler. The science of monetary policy: A new keynesian perspective. *Journal of Economic Literature*, 1999.

Peter A. Diamond. National debt in a neoclassical growth model. *The American Economic Review*, 1965.

George A. Kahn. Monetary policy under a corridor operating framework. *Economic Review*, 2010.

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