
Macro, Money, and Finance

Min Fang

University of Florida

Spring 2025

Part I: Macro-Finance

1. Basics of Financial Contracting:

- Debt Overhang and Risk Shifting (Modigliani and Miller, 1958; Jensen and Meckling, 1976)
- Liquidity and Bank Runs (Diamond and Dybvig, 1983; Allen and Gale, 2000)
- Agency Frictions and Business Cycle (Bernanke and Gertler, 1989; Carlstrom and Fuerst, 1997)
- Financial Accelerator (Bernanke, Gertler, and Gilchrist, 1999)
- Dynamics with Financial Frictions (Kiyotaki and Moore, 1997; Gomes, 2001)

2. More Recent Advanced Topics:

- Long-term Debt (Leland, 1994; Diamond and He, 2014; Jungherr and Schott, 2021)
- Debt Covenants (Chava and Roberts, 2008; Chodorow-Reich and Falato, 2022)
- Earning-based Borrowing (Lian and Ma, 2021; Greenwald, 2019; Drechsel, 2023)
- Firm Tradeoffs under Financial Frictions (Ottonello and Winberry, 2024)

Part II: Monetary Economics

1. Representative Agent New Keynesian Models:







- Basic Sticky Price New Keynesian Models (Galí, 2008) Chapter 3
- Basic Sticky Wage New Keynesian Models (Blanchard and Galí, 2007)
- Quantitative New Keynesian Models (Christiano, Eichenbaum, and Evans, 2005)
- Shocks Prorogation and Estimation (Smets and Wouters, 2007)
- New Keynesian Models with ZLB and QE (Sims, Wu, and Zhang, 2023)

2. Heterogeneous Agent New Keynesian Models:

- Heterogeneous Household New Keynesian Models (Kaplan, Moll, and Violante, 2018)
- Heterogeneous Firm New Keynesian Models (Ottonello and Winberry, 2020)
- Heterogeneous Bank New Keynesian Models (Bellifemine, Jamilov, and Monacelli, 2022)





Appendix

REFERENCES

-  Allen, Franklin and Douglas Gale (2000). “Financial contagion”. In: *Journal of political economy* 108.1, pp. 1–33.
-  Bellifemine, Marco, Rustam Jamilov, and Tommaso Monacelli (2022). *Hbank: Monetary policy with heterogeneous banks*. Centre for Economic Policy Research.
-  Bernanke, Ben S and Mark Gertler (1989). “Agency Costs, Net Worth, and Business Fluctuations”. In: *The American Economic Review* 79.1, pp. 14–31.
-  Bernanke, Ben S, Mark Gertler, and Simon Gilchrist (1999). “The financial accelerator in a quantitative business cycle framework”. In: *Handbook of macroeconomics* 1, pp. 1341–1393.
-  Blanchard, Olivier and Jordi Galí (2007). “Real wage rigidities and the New Keynesian model”. In: *Journal of money, credit and banking* 39, pp. 35–65.
-  Carlstrom, Charles T and Timothy S Fuerst (1997). “Agency costs, net worth, and business fluctuations: A computable general equilibrium analysis”. In: *The American Economic Review*, pp. 893–910.

-  Chava, Sudheer and Michael R Roberts (2008). “How does financing impact investment? The role of debt covenants”. In: *The journal of finance* 63.5, pp. 2085–2121.
-  Chodorow-Reich, Gabriel and Antonio Falato (2022). “The loan covenant channel: How bank health transmits to the real economy”. In: *The Journal of Finance* 77.1, pp. 85–128.
-  Christiano, Lawrence J, Martin Eichenbaum, and Charles L Evans (2005). “Nominal rigidities and the dynamic effects of a shock to monetary policy”. In: *Journal of political Economy* 113.1, pp. 1–45.
-  Diamond, Douglas W and Philip H Dybvig (1983). “Bank runs, deposit insurance, and liquidity”. In: *Journal of political economy* 91.3, pp. 401–419.
-  Diamond, Douglas W and Zhiguo He (2014). “A theory of debt maturity: the long and short of debt overhang”. In: *The Journal of Finance* 69.2, pp. 719–762.
-  Drechsel, Thomas (2023). “Earnings-based borrowing constraints and macroeconomic fluctuations”. In: *American Economic Journal: Macroeconomics* 15.2, pp. 1–34.
-  Galí, Jordi (2008). *Monetary policy, inflation, and the business cycle: an introduction to the new Keynesian framework and its applications*. Princeton University Press.
-  Gomes, Joao F (2001). “Financing investment”. In: *American Economic Review* 91.5, pp. 1263–1285.

-  Greenwald, Daniel (2019). “Firm debt covenants and the macroeconomy: The interest coverage channel”. In.
-  Jensen, Michael C and William H Meckling (1976). “Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure”. In: *Journal of Financial Economics* 3.4, pp. 305–360.
-  Jungherr, Joachim and Immo Schott (2021). “Optimal debt maturity and firm investment”. In: *Review of Economic Dynamics* 42, pp. 110–132.
-  Kaplan, Greg, Benjamin Moll, and Giovanni L Violante (2018). “Monetary policy according to HANK”. In: *American Economic Review* 108.3, pp. 697–743.
-  Kiyotaki, Nobuhiro and John Moore (1997). “Credit cycles”. In: *Journal of political economy* 105.2, pp. 211–248.
-  Leland, Hayne E (1994). “Corporate debt value, bond covenants, and optimal capital structure”. In: *The journal of finance* 49.4, pp. 1213–1252.
-  Lian, Chen and Yueran Ma (2021). “Anatomy of corporate borrowing constraints”. In: *The Quarterly Journal of Economics* 136.1, pp. 229–291.
-  Modigliani, Franco and Merton H Miller (1958). “The cost of capital, corporation finance and the theory of investment”. In: *The American economic review* 48.3, pp. 261–297.

-  Ottonello, Pablo and Thomas Winberry (2020). “Financial heterogeneity and the investment channel of monetary policy”. In: *Econometrica* 88.6, pp. 2473–2502.
-  — (2024). *Capital, ideas, and the costs of financial frictions*. Tech. rep. National Bureau of Economic Research.
-  Sims, Eric, Jing Cynthia Wu, and Ji Zhang (2023). “The four-equation new keynesian model”. In: *Review of Economics and Statistics* 105.4, pp. 931–947.
-  Smets, Frank and Rafael Wouters (2007). “Shocks and frictions in US business cycles: A Bayesian DSGE approach”. In: *American economic review* 97.3, pp. 586–606.