**Reading List**

\* = advanced/optional material

The content of the course, any opinions expressed and any errors or omission should not be regarded as those of the Federal Reserve Bank of San Francisco, the Federal Reserve System or the National Institute of Economic and Social Research.

The main textbooks is (although notes and readings will dominate much of the course)

* Gali (2015), Monetary Policy, Inflation and the Business Cycle: An Introduction to the New Keynesian Framework and its Applications, 2nd edition, Princeton

Please note that the numbering of the lectures below may not correspond with the weeks in which we cover them. They will be in this order but some may require more or less time than a given timetabled lecture slot allows.

1. Introduction to Macroeconomics

* Gali Ch. 1
* <http://www.tomsargent.com/research/SargentinterviewMD.pdf>
* Sims (1992), Interpreting macroeconomic time series facts, European Economic Review 36:5
* Cooley (1995), Frontiers of Business Cycle Research, Princeton, Sections 1.1, 1.2, 1.6
* Christiano, Eichenbaum and Evans (2005), Nominal Rigidities and the Dynamic Effects of a Shock to Monetary Policy, Journal of Political Economy 113(1), Sections I, II
* Ramey (2016), Macroeconomic Shocks and their Propagation, Handbook of Macroeconomics, Vol. 2, Ch. 2 (pp. 71-162)
* Walsh (2017), Monetary Theory and Policy, 4th edition, MIT, Ch. 1
* \*Kaldor (1957), A Model of Economic Growth, Economic Journal 67:268, Wikipedia summary <https://en.wikipedia.org/wiki/Kaldor%27s_facts>
* \*Sims (1980), Macroeconomics and Reality, Econometrica 48:1
* \*Kuttner (2001), Monetary policy surprises and interest rates: Evidence from the Fed funds futures market, Journal of Monetary Economics 47:3
* \*Romer and Romer (2004), A New Measure of Monetary Shocks: Derivation and Implications, American Economic Review 94(4)
* \*Canova (2007), Methods for Applied Macroeconomic Research, Princeton, Chapters 3, 4
* \*Rosa (2008), The Impact of Central Bank Announcements on Asset Prices in Real Time, International Journal of Central Banking 4:2
* \*Canova and Paustian (2010), Business cycle measurement with some theory, Journal of Monetary Economics 58:4
* \*Gertler and Karadi (2015), Monetary policy surprises, credit costs, and economic activity, A.E.J. of Macroeconomics, 7(1)
* \*Nakamura and Steinsson (2018), High-Frequency Identification of Monetary Non-Neutrality: The Information Effect, Quarterly Journal of Economics, 133(3)

1. DSGE and RBC

* Gali Ch. 2
* Cooley (1995), Frontiers of Business Cycle Research, Princeton, Sections 1.2-7, 5.1-6
* \*Crafts (2000), Globalization and Growth in The Twentieth Century, IMF Working Paper WP/00/44
* \*Office for National Statistics (2017), Multi-factor productivity estimates: Experimental estimates to Quarter 2 (April to June) 2017

1. DSGE and Monetary Models of the Business Cycle

* Gali (2008), Ch. 3, 4
* Taylor and Williams (2011), Simple and Robust Rules for Monetary Policy, Handbook of Monetary Economics
* Taylor (1999), A Historical Analysis of Monetary Policy Rules, Monetary Policy Rules, NBER
* \*Christiano, Eichenbaum and Evans (2005), Nominal Rigidities and the Dynamic Effects of a Shock to Monetary Policy, Journal of Political Economy 113:1, Sections III, V, VI
* \*Taylor (1993), Discretion versus Policy Rules in Practice, Carnegie-Rochester Conference Series on Public Policy
* \*Levin, Wieland and Williams (1999), Robustness of Simple Monetary Policy Rules under Model Uncertainty, Monetary Policy Rules, NBER
* \*Lubik and Schorfheide (2004), Testing for Indeterminacy: An Application to U.S. Monetary Policy, American Economic Review 94(1) – very advanced only if you are interested in multiple equilibria
* \*Gali, Ch 5
* \*Calvo (1983) Staggered Prices in a utility-Maximizing Framework, JME 12:3 (historical interest)

1. Financial Frictions and Crises

* Freixas and Rochet (2008), Microeconomics of Banking, 2nd edition, MIT (topics referred to in class)
* Kashyap et al (2019), “Would macroprudential regulation have prevented the last crisis”, JEP, Vol. 33(1)
* Bernanke (2012), “Some reflections on the crisis and the policy response”
* Christiano and Ikeda (2012) Government Policy, Credit Markets and Economic Activity, NBER
* Gorton and Metrick (2009), “Securitized banking and the run on repo”, NBER (scan paper for main points, focusing on early sections)
* Bernanke (2018), “The real effects of the financial crisis”, Brookings Papers on Economic Activity
* Brunnermeier (2009), “Deciphering the Liquidity and Credit Crunch 2007 – 2008”, JEP, Vol. 23(1)
* Hirtle and Lehnert (2014), “Supervisory Stress Tests”, FRBNY Staff Reports, 696
* IMF (2018), “A Decade after the Global Financial Crisis”, Global Financial Stability Report, October, Ch. 1
* \*Duffie (2010), “How big banks fail and what to do about it”, Princeton
* \*Mian and Sufi (2014), “House of Debt”, University of Chicago
* \*Ball (2016), “The Fed and Lehman Brothers: Introduction and Summary”, NBER Working Paper, 22410 (book) [I don’t endorse the main thrust but contains interesting information]
* \*Kareken and Wallace (1978) Deposit Insurance and Bank regulation: A Partial-Equilibrium Exposition, Journal of Business 51:3
* \*Diamond and Dybvig (1983) Bank Runs, Deposit Insurance, and Liquidity, Journal of Political Economy 91:3
* \*Mankiw (1986) The Allocation of Credit and Financial Collapse, Quarterly Journal of Economics 101:3
* \*Holmstrom and Tirole (1997), Financial Intermediation, Loanable Funds, and the Real Sector, Quarterly Journal of Economics 112(3)
* \*Bernanke, Gertler and Gilchrist (1999) The Financial Accelerator in a Quantitative Business Cycle Framework, Handbook of Macroeconomics
* \*Gertler and Kiyotaki (2011) Financial Intermediation and Credit Policy in Business Cycle Analysis, Handbook of Monetary Economics

1. Current Topics in Policy [More guidance on readings will be given in lectures]
   1. Unconventional monetary policy
      1. Gagnon et al (2010), Large-Scale Asset Purchases by the Federal Reserve: Did They Work?, FRBNY SP 441
      2. Gagnon et al (2011), The Financial Market Effects of the Federal Reserve’s Large-Scale Asset Purchases, IJCB
      3. Gertler and Karadi (2011), A model of unconventional monetary policy, Journal of Monetary Economics 58(1)
      4. D'Amico et al (2012), The Federal Reserve's Large-scale Asset Purchase Programmes: Rationale and effects, The Economic Journal
      5. Krishnamurthy and Vissing-Jorgensen (2013), The Ins and Outs of LSAPs, Proceedings - Economic Policy Symposium - Jackson Hole, FRB Kansas City
      6. Gambacorta et al (2014), The Effectiveness of Unconventional Monetary Policy at the Zero Lower Bound: A Cross-Country Analysis, JMCB 46(4)
      7. Carpenter et al (2015), The Federal Reserve’s Balance Sheet and Earnings: A Primer and Projections, IJCB
      8. Greenlaw et al (2018), A Skeptical View of the Impact of the Fed’s Balance Sheet, Working paper
   2. Forward guidance
      1. Del Negro, Giannoni and Patterson (2012), The Forward Guidance Puzzle, FRBNY SP 574
      2. Swanson and Williams (2014), Measuring the Effect of the Zero Lower Bound on Medium- and Longer-Term Interest Rates, American Economic Review 104(10)
      3. McKay, Nakamura and Steinsson (2016), The Power of Forward Guidance Revisited, American Economic Review
      4. Gertler (2017), Rethinking the power of forward guidance: Lessons from Japan, NBER WP 23707
      5. Swanson (2018), Measuring the Effects of Federal Reserve Forward Guidance and Asset Purchases on Financial Markets, NBER WP 23311
   3. Zero lower bound, r\*, deflationary trap, nominal targets
      1. Bernanke and Mishkin (1997), Inflation Targeting: A New Framework for Monetary Policy?, JEP 11(2)
      2. Svensson (1999), Price-Level Targeting versus Inflation Targeting: A Free Lunch?, JMCB 31(3)
      3. Vestin (2006), Price-level versus inflation targeting, Journal of Monetary Economics 56
      4. Laubach and Williams (2015), Measuring the Natural Rate of Interest Redux, FRBNY WP 2015-16
      5. Kiley and Roberts (2017), Monetary policy in a low interest rate world, Brookings
      6. Bernanke (2017), Temporary price-level targeting: An alternative framework for monetary policy, Brookings
      7. Bernanke (2017), How big a problem is the zero lower bound on interest rates?, Brookings
      8. Bernanke (2017), Monetary Policy in a New Era, Peterson Institute
      9. Hebden and Lopez-Salido (2018), From Taylor’s Rule to Bernanke’s Temporary Price Level Targeting, FEDS WP 2018-051
      10. Yellen (2018), Comments on Monetary Policy at the Effective Lower Bound, BPEA Speech
      11. Williams (2018), The Future Fortunes of R-star: Are They Really Rising, FRBSF EL 2018-13
      12. Bernanke (2019), Evaluating lower-for-longer policies: Temporary price-level targeting, Brookings
      13. Krugman (????), Deflationary Spirals (http://web.mit.edu/krugman/www/spiral.html)