

Topics in Monetary Economics

Prof. Dr. Keith Kuester

April 6, 2018

First meeting: Tu. April 10, 18.00h sharp, seminar room Kaiserplatz 7-9

Outline: This is a topics course in monetary economics. The class is based on selected readings. Each week, a student presents a research paper. Students can choose from the list below. Or they can suggest a paper of their own subject to approval. The expectation is that students present the paper in such a way that the audience benefits.

- Place the paper into the context of the macroeconomic debate. Why does it matter?
- Place the paper in the literature. Do not only read *this* paper, read “around.” Where does it fit?
- Highlight the main mechanism(s). How do the result arise?
(Can you think of a toy model that brings forward the intuition?)
- State the main contribution and results. What are the main take-aways?
- Outline ideas that you have. Are there links to other questions?

Setup:

We have 90-minute sessions. The task of the presenter is to prepare a 30-minute formal discussion with at most 20 slides covering the bullet points above. This is followed by a general discussion.

Formal discussion:

Students will have quite some time before each presentation. The expectation is that the student uses the time to prepare. One week before the presentation, the student submits a draft of the presentation to the faculty. Student and faculty meet to discuss the presentation. Students fine-tune the presentation thereafter.

Grading:

The final grade for the course will be based on three elements:

- draft of presentation (1/3).
- final presentation (1/3).
- informed participation in the general discussion (1/3).

Schedule:

Several students have highlighted that the official course schedule conflicts with the PhD Macro II course. We will, therefore, meet for the first time on Tu. April 10, 18.00h sharp in the seminar room at Kaiserplatz 7-9. 4th floor. We will allocate papers. We will also settle on a time.

In order for the presentations to have a chance to be useful, we will have our next meeting only in the week of April 30. Thereafter, we will continue to meet on a weekly basis. Between the meetings, students are encouraged to stop by and discuss the paper and questions.

Prerequisites:

Training in macroeconomics at the PhD course-program level. At the very minimum, training commensurate with BGSE Macro I. The general expectation is that students have also taken BGSE Macro II and the Dynamic Macro course. A monetary economics course would be an asset.

These are guidelines, not formal requirements. Masters-level students are encouraged to participate, but should expect to work toward acquiring this knowledge as the course progresses.

Papers

1. Acharya/Doga, The Side Effects of Safe Asset Creation.
2. Brunnermeier/Koby, The reversal interest rate.
3. Azzimonti/Yared, The optimal supply of public and private liquidity.
4. Beaudry/Portier, Real Keynesian models and sticky prices.
5. Bocola/Lorenzoni, Financial crises and lending of last resort in open economies.
6. Challe, Uninsured unemployment risk and optimal monetary policy.
7. Corsetti/Dedola/Leduc, Exchange rate misalignment, capital flows, and optimal monetary policy trade-offs.
8. Jarocinski/Mackowiak, Monetary-fiscal interactions and the euro area's malaise.
9. Kaplan/Violante, Microeconomic heterogeneity and macroeconomic shocks.
10. McKay/Reis, Optimal automatic stabilizers.
11. Mukhin, An equilibrium model of the international price system.
12. Rupert/Sustek, On the mechanics of New-Keynesian models.