

Reading list

October 3, 2016

1 Introduction to DSGE

- Plosser (1989): Understanding Real Business Cycles, Journal of Economic Perspectives, 3, 51-77
- Mankiw (2006): The Macroeconomist as Scientist and Engineer, Journal of Economic Perspectives, 20, 29-46
- Prescott (1986): Theory Ahead of Business Cycle Measurement, Quarterly Review, Federal Reserve Bank of Minneapolis, Fall 1986, 9-22
- Romer (2001): Advanced Macroeconomics, second edition, Chapter 4.
- King and Rebelo (1999): Resuscitating Real Business Cycles, in Taylor and Woodford, Handbook of Macroeconomics, Vol 1B, Ch14

2 Dynare

- Be familiar with Matlab using any Matlab tutorial available on the net
 - <http://www.math.ucsd.edu/~bdriver/21d-s99/matlab-primer.html>
 - <http://www4.ncsu.edu/unity/users/p/pfackler/www/MPRIMER.htm>
- W. Den Haan
 - slides on Dynare: <http://www.wouterdenhaan.com/numerical/slidesdynare.pdf>
 - notes on Dynamic Optimization Problems : <http://www.wouterdenhaan.com/teach/ch1.pdf>
 - notes on Equilibrium Models : <http://www.wouterdenhaan.com/teach/ch2.pdf>
- Fabrice Collard
 - <http://fabcol.free.fr/>
 - Lecture 1 : Linear Economies
 - Lecture 3 : Approximation theory
- Eric Sims lectures notes
 - On log linearization :
http://www3.nd.edu/~esims1/log_linearization_sp15.pdf

- On solving Linearized Rational Expectations Models :
http://www3.nd.edu/~esims1/linear_rational_expectations_sp15.pdf

- Dynare user guide, Tommaso Mancini Griffoli 2007
- Practicing Dynare, Barillas, Colacito, Matthes, Sargent, Shin, 2007

3 DSGE with Financial Frictions

The Kiyotaki-Moore Model Readings:

- Blanchard, O. J., and S. Fischer. Lectures on Macroeconomics. Cambridge, MA : MIT Press, 1989, pp. 478-488.
- Kiyotaki, N., and J. Moore. (1997) "Credit Cycles." *Journal of Political Economy* 105 : 211-248.

The Bernanke and Gertler Model Readings :

- Bernanke, B., and M. Gertler (1989). "Agency Costs, Net Worth, and Business Fluctuations." *The American Economic Review*, Vol. 79, No. 1 (Mar., 1989), pp. 14-31
- Bernanke, B M. Gertler and S Gilchrist (2000) "The Financial Accelerator in a Quantitative Business Cycle Framework", in Taylor and Woodford, *Handbook of Macroeconomics*, North Holland
- Freixas and Rochet, *Microeconomics of Banking*, chap. 5 and 6. The MIT Press, 2008

Other readings

- Gertler, M (1988) "Financial Structure and Aggregate Economic Activity: an Overview" *Journal of Money Credit and Banking*, 559-588
- Bernanke and Gertler (1995) Inside the Black Box: The Credit Channel of Monetary Policy Transmission. *Journal of Economic Perspectives*, 9(4): 27-48.
- Jermann and Quadrini (2012). "Macroeconomic Effects of Financial Shocks." *American Economic Review*, 102(1): 238-71.
- Iacoviello (2015), "Financial Business Cycles", *Review of Economic Dynamics*, vol 18(1), pp.140-163.

Financial Crisis Readings

- Markus Brunnermeier "Deciphering the 2007-08 Liquidity and Credit Crunch". *Journal of Economic Perspectives*, 23(1): 77-100.
- Ross Levine "An Autopsy of the US Financial System: Accident, Suicide, or Murder?" *Journal of Financial Economic Policy*, 2010 2(3), 196 - 213. Also NBER WP <http://www.nber.org/papers/w15956>
- John Taylor "The Financial Crisis and the Policy Responses: An Empirical Analysis of What Went Wrong". *Critical Review: A Journal of Politics and Society* Volume 21, Issue 2-3, 2009 Special Issue: Causes of the Financial Crisis. Also NBER WP <http://www.nber.org/papers/w14631>
- Oliver Blanchard "The Crisis: basic mechanism and appropriate policies". IMF working paper 2009. <http://economics.mit.edu/files/6312>