

Monetary Policy  
AEA Continuing Education Program  
January 2020

Instructors:

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Lecture Schedule:

Sunday January 5th

4:00pm – 6:00pm Steinsson

Monday January 6th

8:30am-10:00am Eggertsson

10:15am-11:50am Eggertsson

1:00pm-2:30pm Steinsson

2:45pm-4:15pm Steinsson

4:30pm-5:40pm Steinsson

Tuesday January 7th

8:00am-9:30am Eggertsson

9:45am-11:00am Eggertsson

11:15am-12:00pm Eggertsson

Recommended Readings:

1. Evidence on Monetary Non-Neutrality and the Information Effect of Monetary Policy

\*Nakamura, E. and J. Steinsson (2018): "Identification in Macroeconomics," *Journal of Economic Perspectives*, 32(3), 59-86. (Especially Monetary Policy section)

\*Nakamura, E. and J. Steinsson (2018): "High Frequency Identification of Monetary Non-Neutrality: The Information Effect," *Quarterly Journal of Economics*, 133(3), 1283-1330.

Gertler, M., and P. Karadi (2015): "Monetary Policy Surprises, Credit Costs, and Economic Activity," *American Economic Journal: Macroeconomics*, 7(1), 44-76.

Romer, C.D. and D.H. Romer (2004): "A New Measure of Monetary Shocks: Derivation and Implications," *American Economic Review*, 94(4), 1055-1084.

Gurkaynak, R.S., B. Sack and E.T. Swanson (2005): "Do Actions Speak Louder Than Words? The Response of Asset Prices to Monetary Policy Actions and Statements," *International Journal of Central Banking*, 1(1), 55-93.

## 2. Price Rigidity, Monetary Non-Neutrality, and the Costs of Inflation

\*Nakamura, E. and J. Steinsson (2013): "Price Rigidity: Microeconomic Evidence and Macroeconomic Implications," *Annual Review of Economics*, 5, 133-163.

\*Nakamura, E., J. Steinsson, P. Sun, D. Villar (2018): "The Elusive Costs of Inflation: Price Dispersion during the U.S. Great Inflation," *Quarterly Journal of Economics*, 133(4), 1933-1980.

Golosov, M., and R. E. Lucas (2007): "Menu Costs and Phillips Curves," *Journal of Political Economy*, 115(2), 171-199.

Gagnon, E. (2009): "Price Setting During Low and High Inflation: Evidence from Mexico," *Quarterly Journal of Economics*, 124(3), 1221-1263.

Alvarez, F., M. Beraja, M. Gonzalez-Rozanda, A. Neumeier (2019): "From Hyperinflation to Stable Prices: Argentina's Evidence on Menu Cost Models," *Quarterly Journal of Economics*, 134(1), 451-505.

## 3. The Forward Guidance Puzzle and Monetary Policy in HANK

\*McKay, A., E. Nakamura, and J. Steinsson (2016): "The Power of Forward Guidance Revisited" *American Economic Review*, 106(10), 3133-3158.

Kaplan, G., B. Moll, and G.L. Violante (2018): "Monetary Policy According to HANK," *American Economic Review*, 108(3), 697-743.

Carlstrom, C.T., T.S. Fuerst, and M. Paustian (2015): "Inflation and Output in New Keynesian Models with a Transient Interest Rate Peg," *Journal of Monetary Economics*, 76, 230-243.

Del Negro, M., M. Giannoni, C. Patterson (2015): "The Forward Guidance Puzzle," Federal Reserve Bank of New York, Staff Report.

Werning, I. (2015): "Incomplete Markets and Aggregate Demand," Working Paper, MIT.

Bilbiie, F.O. (2019): "Monetary Policy and Heterogeneity: An Analytical Framework," Working Paper, University of Lausanne.

## 4. The Zero Bound on the Short Term Nominal Interest Rate

\*Eggertsson, G., S. Egeev, (2019) "Fundamental Driven Liquidity Traps: A Unified Theory of the Great Depression and the Great Recession," mimeo, available at <https://sites.google.com/site/gautieggertsson/home>

Krugman, P.R. (1998), "It's Baaack: Japan's Slump and the Return of the Liquidity Trap," *Brookings Papers on Economic Activity* 1998-2: 137-206.

Eggertsson, G., and M. Woodford (2003) "The Zero Interest-Rate Bound and Optimal Monetary Policy" *Brookings Papers on Economic Activity*, 2003:1.

Eggertsson, G. and P. Krugman (2012), "Debt, Deleveraging, and the Liquidity Trap: A Fisher-Minsky-Koo approach" *Quarterly Journal of Economics*, 127(3): 1469-1513

Eggertsson, G. (2008): "Great Expectations and the End of the Depression," *American Economic Review*, 2008: 90(4).

Woodford, M. (2011): "Simple Analytics of the Government Expenditure Multiplier," *American Economic Journal: Macroeconomics*, 3: 1-35.

## 5. Secular Stagnation

\*Eggertsson, G., N. Mehrotra, J. Robbins (2019): "A Model of Secular Stagnation: Theory and Quantitative Evaluation", *American Economic Journal: Macroeconomics*, Vol. 11 No. 1

Rachel, L., L. Summers, (2019) "On falling neutral real rates, fiscal policy, and the risk of secular stagnation", *Brookings Papers on Economics Activity*.

Eggertsson, G., Lancaster, M, and L. Summers, (2019) "Aging, Output per capita and Secular Stagnation". *American Economic Review: Insights*, December.