

## **Syllabus – v.3**

### **Required Texts**

Walsh, *Monetary Theory and Policy*, 2<sup>nd</sup> ed., MIT Press, 2003  
Sigmon and Davis, *MATLAB Primer*, 7<sup>th</sup> ed., Chapman & Hall/CRC, 2005

### **Course Grade**

The grade will be based on four assignments distributed over the course of the quarter.

### **Topics and Required Readings**

#### **1 Rational Expectations Equilibria**

Collard, “Lecture Notes on Numerical Methods,” chapter 1

#### **2 Empirical Analysis of Business Cycles**

Whelan, “A Guide to the Use of Chain Aggregated NIPA Data,” Federal Reserve Board, June 2000  
Business Cycle Dating Committee, “The NBER’s Business-Cycle Dating Procedure,” NBER, Oct. 21, 2003  
Stock and Watson, “Business Cycle Fluctuations in U.S. Macroeconomic Time Series,” in Taylor and Woodford, eds., *Handbook of Macroeconomics, Vol. 1B*, Elsevier, 1999, pp. 5-14

#### **3 Real Business Cycle Model**

Cooley and Prescott, “Economic Growth and Business Cycles,” in Cooley, *Frontiers of Business Cycle Research*, Princeton, 1995  
Hansen, “Indivisible Labor and the Business Cycle,” *JME*, Nov. 1985  
Baxter and King, “Fiscal Policy in General Equilibrium,” *AER*, June 1993  
Christiano and Eichenbaum, “Current Real-Business-Cycle Theories and Aggregate Labor-Market Fluctuations,” *AER*, June 1992

#### **4 Money and Business Cycles**

Walsh, chs. 2-3, 5  
Cooley and Hansen, “The Inflation Tax in a Real Business Cycle Model,” *AER*, Sept. 1989  
Gali and Gertler, “Inflation Dynamics: A Structural Econometric Analysis,” *JME*, Oct. 1999

## **5 Monetary Policy**

Walsh, chs. 1, 4, 9-11

Bernanke and Blinder, "The Federal Funds Rate and the Channels of Monetary Transmission," *AER*, Sept 1992

Romer and Romer, "Does Monetary Policy Matter? A New Test in the Spirit of Friedman and Schwartz," in Blanchard and Fisher, eds., *NBER Macroeconomics Annual 1989*, MIT Press, 1989

Kydland and Prescott, "Rules Rather Than Discretion: The Inconsistency of Optimal Plans," *JPE*, June 1977

Taylor, "Discretion versus Policy Rules in Practice," *Carn-Roch Series*, Dec. 1993

Clarida, Gali and Gertler, "The Science of Monetary Policy: A New Keynesian Perspective," *JEconLit*, Dec. 1999

## **6 Labor Market Frictions**

Bleakley, Ferris and Fuhrer, "New Data on Worker Flows During Business Cycles," *New England Economic Review*, Jul.-Aug. 1999

Den Haan, Ramey and Watson, "Contract-Theoretic Approaches to Wages and Displacement," *Federal Reserve Bank of St. Louis Review*, May-June 1999