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Master's seminar: Topics in Macroeconomics

Challenges in Monetary Economics

Summer 2023

- Summary:

This seminar surveys the macroeconomic perspective on current issues in monetary economics. Participants will have the opportunity to present and discuss classical and recent papers representing the research frontier in this field.

- Grading:

- To obtain 6 ECTS, participants
 1. Write a seminar report on their topic. (approx. 10-12 pages)
 2. Deliver a presentation on their topic.
 3. Serve as discussant on another topic and actively contribute to in-class discussions.
- Performance in 1.-3. are weighted in *equal parts* in the final grade.
- The seminar papers should summarize and discuss the underlying research article. It should take the form of a self-contained research paper (including titlepage, references, etc.) which comprises:
 1. A short introduction which motivates the topic and embeds it into the literature.
 2. A main part consisting of a thorough description of the model and its results and formal methods.
 3. A conclusion section which summarizes the main results and outlines possible extensions.

Additional proofs and lengthy formal derivations may be collected in a mathematical appendix.

- Course Meeting Times:

- Kick-off meeting: **April 13th** 2:00 pm.
- Seminar presentations: as announced in the kick-off meeting.

- Important notes:
 - Successful participation in Advanced Macroeconomics I or II is required.
 - To sign up for the seminar, send an email containing your imatriculation number and full name to philipp.emanuel.moog@vwl.uni-freiburg.de no later than **April 12th**.
 - In your mail, you should also include a ranked list of your three favourite seminar topics. This should be of the form, e.g. 2B > 3C > 1A
 - We will assign the seminar topics and announce the allocation during the kick-off.
 - While we will do our best to assign topics based on your preferences, we cannot guarantee that everybody will get their favorite topics.
 - Concerning any questions write to Philipp Emanuel Moog (philipp.emanuel.moog@vwl.uni-freiburg.de)
- Further details will be announced during the kick-off meeting.

1. Money demand and inflation control:

Topic: 1A - Woodford, M. (1998). "Doing Without Money: Controlling Inflation in a Post-Monetary World". In: *Review of Economic Dynamics* 1.1, pp.173-219

Topic: 1B - Cooley, Thomas and Hansen, Gary (1989). "The Inflation Tax in a Real Business Cycle Model". In: *The American Economic Review*. 79.4, pp.733-748

Topic: 1C - Lucas, Robert (2000). "Inflation and Welfare" In: *Econometrica*. 68.2, pp.247-274

Topic: 1D - Erosa, Andres and Ventura, Gustavo (2002). "On inflation as a regressive consumption tax". In: *Journal of Monetary Economics* 49.4, pp.761-795

2. Cryptocurrencies and speculative bubbles:

Topic: 2A - Benigno, Pierpaolo, Schilling, Linda M., and Uhlig, Harald (2022). "Cryptocurrencies, Currency Competition, and the Impossible Trinity". In: *Journal of International Economics* 136.

Topic: 2B - Benigno, Pierpaolo (2022). "Monetary Policy in a World of Cryptocurrencies". In: *Journal of the European Economic Association*, pp. 1–34.

Topic: 2C - Schilling, Linda and Uhlig, Harald (2019). "Some simple bitcoin economics". In: *Journal of Monetary Economics* 106, pp. 16–26.

Topic: 2D - Gali, Jordi (2014). "Monetary Policy and Rational Asset Price Bubbles". In: *The American Economic Review*, 104.3, pp.721-752

3. Interaction of monetary and fiscal policy:

- Topic: 3A - Leeper, Eric (1991). "Equilibria under 'active' and 'passive' monetary and fiscal policies", *Journal of Monetary Economics*, 27.1, pp.129-147
- Topic: 3B - Cochrane, John (2001). "Long-term debt and optimal policy in the fiscal theory of the price level", In: *Econometrica*, 69.1 pp.69-116
- Topic: 3C - Bajo-Rubio, Diaz-Roldan, and Esteve (2009). "Deficit sustainability and inflation in EMU: An analysis from the Fiscal Theory of the Price Level", In: *European Journal of Political Economy*, 25.4, pp.525-539
- Topic: 3D - Brunnermeier et al. (2022). "Debt as Safe Asset", In: *NBER Working Paper 29626*, pp.1-47

4. Monetary and fiscal policy at the zero-lower-bound:

- Topic: 4A - Krugman et al. (1998). "It's Baaack: Japan's Slump and the Return of the Liquidity Trap", In: *Brookings Papers on Economic Activity*, pp.137-205
- Topic: 4B - Eggertsson, Gauti and Singh, Sanjay (2019). "Log-linear approximation versus an exact solution at the ZLB in the New Keynesian Model", In: *Journal of Economic Dynamics and Control*, 105, pp.21-43
- Topic: 4C - Boneva, Braun, and Waki (2016). "Some unpleasant properties of loglinearized solutions when the nominal rate is zero", In: *Journal of Monetary Economics*, 84, pp.216-232
- Topic: 4D - Guerrieri and Lorenzoni (2017). "Credit crises, precautionary savings and the liquidity trap", In: *The Quarterly Journal of Economics*, 132.2, pp.1427-1467