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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, actively contribute to in-class discussions.

Performance in 1.-3. are weighted in *equal parts* in the final grade.

- Areas of specialization for M.Sc. Economics:

- Economics and Politics
- Finance
- Information Systems and Network Economics

- Areas of specialization for M.Sc. VWL:

- Accounting, Finance and Taxation
- International and Development Economics
- Public Sector Economics and International Taxation

- Seminar papers:

- The seminar papers should summarize and discuss the underlying research article(s).
- They 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.
- The paper must comply with the following:
 - Din A4 paper, with 12pts lettering in either Arial or Times New Roman, with 1.5 line spacing.
 - Margins: Left: 6cm, Right and bottom: 1 - 1.5cm, Top: 2cm
 - Citation should be done in the American Psychological Association style.
- Responsibilities of a discussant:
 - The discussant should read the for discussion assigned research article and prepare a quick presentation (5-10min) containing some of the following:
 1. A critique of the articles methodology, assumptions and conclusions.
 2. Further research questions arising from the article.
 3. Interesting parallels to the article within the literature.
 4. In general all things concerning the article the discussant finds to be worthy of discussion within the seminar.
- Meeting Times:
 - Kick-off meeting: **April 13th** 2:00 pm.
 - Seminar presentations: as announced in the kick-off meeting.

Important: All presentations take place in-person- remote participation is not possible.

- 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 favorite seminar topics. This ranking 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.
 - For any and all remaining question, please reach out to Philipp Emanuel Moog (philipp.emanuel.moog@vwl.uni-freiburg.de)

Further details will be announced during the kick-off meeting.

- Seminar topics:

- 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