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Master's seminar: Topics in Macroeconomics
Challenges in Monetary Economics

Summer 2022

- Summary:

Central banks across the world find themselves in uncharted waters: the COVID-19 pandemic, demographic changes and global warming are altering the structure of the economy in unprecedented ways. The potential for international conflicts and economic crises has renewed the interest in the effectiveness of monetary policy, its interaction with the fiscal stance and the functional division of tasks among the branches of the government.

This seminar surveys the macroeconomic perspective on these current issues in monetary economics. Participants will have the opportunity to present and discuss their views along the lines of the presented research articles.

- Grading:

- To obtain 6 ECTS, participants
 1. deliver a presentation on a research article (selection below),
 2. perform as discussant and contribute to classroom discussions
 3. write a seminar report of their own topic (approx. 10 pages)
- Performance in 1.-3. are weighted in *equal parts* in the final grade.

- Course Meeting Times:

- Kick-off meeting: **April 8th**
- 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 the registration form available on our homepage via email to marius.jaeger@vwl.uni-freiburg.de until **April 4th**.
- 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.

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

1. Monetary policy in frictionless models:

- (a) Lucas (ECMA, 2000): *Welfare and Inflation*.
- (b) Williamson (CJE, 2019): *Neo-Fisherism and inflation control*

2. Monetary policy, asset pricing, and speculative bubbles:

- (a) Bianchi, Lettau and Ludvigson (JoF, 2022): *Monetary Policy and Asset Valuation*
- (b) Benigno, Schilling and Uhlig (JIE, 2022): *Cryptocurrencies, currency competition, and the impossible trinity*
- (c) Gali (AER 2014): *Monetary Policy and Rational Asset Price Bubbles*
- (d) Brunnermeier (NBER, 2020): *The Fiscal Theory of the Price Level with a Bubble*

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

- (a) Krugman (BPEA, 1998): *It's Baaack: Japan's Slump and the Return of the Liquidity Trap*
- (b) Christiano, Eichenbaum and Rebelo (JPE, 2011): *When Is the Government Spending Multiplier Large?*
- (c) Guerrieri and Lorenzoni (QJE, 2017): *Credit crises, precautionary savings and the liquidity trap*
- (d) Boneva, Braun, and Waki (JME, 2016): *Some unpleasant properties of loglinearized solutions when the nominal rate is zero*

4. Climate risk and “Greenflation”: Monetary policy and climate change

- (a) Dietrich, Mueller, and Schoenle (CEPR, 2021): *The Expectations Channel of Climate Change: Implications for Monetary Policy*
- (b) Papoutsis, Piazzesi, and Schneider (Mimeo, 2021): *How unconventional is green monetary policy?*