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**Institute for Capacity Development—Joint Vienna Institute**

**Monetary and Fiscal Policy Analysis with DSGE Models (JV16.34)**

**Joint Vienna Institute, Vienna, Austria**

**December 4 - 15, 2017**

**READING LIST**

<b>Session</b>	<b>Reading</b>
<b>L-1</b>	<b>The Baseline Real Business Cycle Model</b>
	<p>King, Robert; C. Plosser, and S. Rebelo, 1988, "Production, Growth and Business Cycles: I. The Basic Neoclassical Model," J. Monet. Econ., Vol. 21 (2-3), pp. 195-232.</p> <p>McCandless, George, 2008, "The ABCs of RBCs, An Introduction to Dynamic Macroeconomic Models," Harvard University Press.</p> <p>Prescott, Edward, 1986, "Theory Ahead of Business Cycle Measurement," Quarterly Review, Minneapolis Fed, pp. 9-21. <a href="https://minneapolisfed.org/research/qr/qr1042.pdf">https://minneapolisfed.org/research/qr/qr1042.pdf</a></p> <p>Stadler, George, 1994, "Real Business Cycles," Journal of Economic Literature, pp. 1750-1783.</p>
<b>L-2</b>	<b>The Baseline New Keynesian Model</b>
	<p>Galí, Jordi and Mark Gertler, 2007, "Macroeconomic Modeling for Monetary Policy Evaluation," Journal of Economic Perspectives, Vol. 21, No. 4, pp. 25–45. <a href="http://pubs.aeaweb.org/doi/pdfplus/10.1257/jep.21.4.25">http://pubs.aeaweb.org/doi/pdfplus/10.1257/jep.21.4.25</a></p> <p>Galí, Jordi, 2008, "Monetary Policy, Inflation, and the Business Cycle," Chapter 3, Princeton University Press.</p> <p>Clarida, Richard, J. Galí, and M. Gertler, 1999, "The Science of Monetary Policy: A New Keynesian Perspective," Journal of Economic Literature, Vol. 37, No. 4, pp. 1661–1707.</p> <p>Rotemberg and Woodford, 1999, "Interest Rate Rules in an Estimated Sticky Price Model," in Monetary Policy Rules, ed. by J. B. Taylor. <a href="http://www.nber.org/">http://www.nber.org/</a></p>

Session	Reading
<b>L-3</b>	<b>Labor Market Rigidities in the New Keynesian Model</b>
	<p>Blanchard, O. and J. Galí, 2009, “The Macroeconomic Effects of Oil Price Shocks: Why are the 2000s so different from the 1970s?,” International Dimensions of Monetary Policy, ed. by J. Gali and M. Gertler, University of Chicago Press, pp. 373–428.</p> <p>Erceg, Chris, Dale Henderson, and Andrew Levin, 1999, "Optimal Monetary Policy with Staggered Wage and Price Contracts."  <a href="http://faculty.wcas.northwestern.edu/~lchrist/papers/fp991118.pdf">http://faculty.wcas.northwestern.edu/~lchrist/papers/fp991118.pdf</a></p> <p>Galí, Jordi, 2011, “Monetary Policy and Unemployment,” in Handbook of Monetary Economics, ed. by B. Friedman and M. Woodfords, Vol. 3A, Elsevier B.V.</p> <p>Galí, Jordi, 2010, “The Return of the Wage Phillips Curve,” Journal of the European Economic Association, Vol. 9, No. 3, pp. 436–61.  <a href="http://www.federalreserve.gov/events/conferences/irfmp2010/papers/jg_wu_feb2010.pdf">http://www.federalreserve.gov/events/conferences/irfmp2010/papers/jg_wu_feb2010.pdf</a></p>
<b>L-4</b>	<b>The New Keynesian Model in the Open Economy</b>
	<p>Galí, Jordi and Tommaso Monacelli, 2005, “Monetary Policy and Exchange Rate Volatility in a Small Open Economy,” Review of Economic Studies, Vol. 72, pp. 707–734.</p> <p>Medina, J.P. and C. Soto, 2005, “Oil Shocks and Monetary Policy in an Estimated DSGE Model for a Small Open Economy,” Working Paper No. 353, Central Bank of Chile.  <a href="http://www.bankofcanada.ca/wp-content/uploads/2010/08/medina.pdf">http://www.bankofcanada.ca/wp-content/uploads/2010/08/medina.pdf</a></p>
<b>L-5</b>	<b>A NK Model with Financial Frictions</b>
	<p>Bernanke, Ben, M. Gertler, and S. Gilchrist, 1998, “The Financial Accelerator in a Quantitative Business Cycle Framework,” NBER Working Paper No. 6455.</p> <p>Carlstrom, C. and T. Fuerst, 1997, “Agency Costs, Net Worth, and Business Fluctuations: A Computable General Equilibrium Analysis,” American Economic Review, Vol. 87, pp. 893–910.  <a href="http://faculty.wcas.northwestern.edu/~lchrist/papers/aeragency.pdf">http://faculty.wcas.northwestern.edu/~lchrist/papers/aeragency.pdf</a></p> <p>Fernández-Villaverde, J., 2010, “Fiscal Policy in a Model with Financial Frictions,” American Economic Review Papers &amp; Proceedings, Vol. 100, pp. 35–40.</p> <p>Gertler, M., S. Gilchrist, and F. Natalucci, 2007, "External Constraints on Monetary Policy and the Financial Accelerator," Journal of Money, Credit and Banking, Vol. 39, No. 2–3, pp. 295–330. <a href="http://www.frbsf.org/economic-research/files/0103conf5.pdf">http://www.frbsf.org/economic-research/files/0103conf5.pdf</a></p>

Session	Reading
<p><b>L-6</b></p>	<p><b>Bringing DSGE Models to the Data</b></p> <p>Guerron-Quintana, Pablo and Jim Nason, 2012, “Bayesian Estimation of DSGE Models,” Working Paper 12–4, Federal Reserve Bank of Philadelphia.  <a href="https://cama.crawford.anu.edu.au/sites/default/files/publication/cama_crawford_anu_edu_au/2017-02/10_guerronquintana_nason_2012.pdf">https://cama.crawford.anu.edu.au/sites/default/files/publication/cama_crawford_anu_edu_au/2017-02/10_guerronquintana_nason_2012.pdf</a></p> <p>Ruge-Murcia, Francisco, 2007. “Methods to Estimate Dynamic Stochastic General Equilibrium Models,” Journal of Economic Dynamics and Control, Vol. 31, No. 8, pp. 2599–2636.</p> <p>Schorfheide, Frank, 2011, “Estimation and Evaluation of DSGE Models: Progress and Challenges,” NBER Working Paper No. 16781, National Bureau of Economic Research.</p> <p>Smets, Frank and Rafael Wouters, 2002, “An Estimated Dynamic Stochastic General Equilibrium Model of the Euro Area.”</p> <p>Sungbae, An and Frank Schorfheide, 2006, “Bayesian Analysis of DSGE Models,” Working Paper No. 06–05, Research Department, Federal Reserve Bank of Philadelphia.</p>
<p><b>L-7</b></p>	<p><b>Forecasting with DSGE Models and Policy Applications</b></p> <p>Adolfson, Malin, Stefan Laseén, Jesper Lindé, and Mattias Villani, 2007, “RAMSES—A New General Equilibrium Model for Monetary Policy Analysis,” Sveriges Riksbank Economic Review, Vol. 2, pp. 5–39.  <a href="http://www.riksbank.se/Upload/Dokument_riksbank/Kat_publicerat/Artiklar_PV/07_2eng_ramses.pdf">http://www.riksbank.se/Upload/Dokument_riksbank/Kat_publicerat/Artiklar_PV/07_2eng_ramses.pdf</a></p> <p>Del Negro, M. and Schorfheide, F., 2012, “DSGE Model-Based Forecasting,” Handbook of Economic Forecasting Vol. II, edited by G. Elliott and A. Timmerman, Elsevier or Federal Reserve Bank of New York, Staff Report 554.  <a href="http://newyorkfed.org/research/staff_reports/sr554.pdf">http://newyorkfed.org/research/staff_reports/sr554.pdf</a></p> <p>Coletti, D. and Murchison, S., 2002, “Models in policy-making,” Bank of Canada Review, pp. 19-26.  <a href="http://www.bankofcanada.ca/wp-content/uploads/2010/06/coletti_e.pdf">http://www.bankofcanada.ca/wp-content/uploads/2010/06/coletti_e.pdf</a></p> <p>Burgess, Stephen, Emilio Fernandez-Corugedo, Charlotta Groth, Richard Harrison, Francesca Monti, Konstantinos Theodoridis, and Matt Waldon, 2013, “The Bank of England’s forecasting platform: COMPASS, MAPS, EASE and the suite of models,” Bank of England Working Paper No. 471.  <a href="http://www.bankofengland.co.uk/research/Documents/workingpapers/2013/wp471.pdf">http://www.bankofengland.co.uk/research/Documents/workingpapers/2013/wp471.pdf</a></p> <p>Sbordone, Argia, Andrea Tambalotti, Rao, Krishna, and Kieran Walsh, 2010, “Policy Analysis Using DSGE Models: An Introduction,” Economic Policy Review, Vol. 16, No. 2, pp. 23–43, Federal Reserve Bank of New York.  <a href="http://www.newyorkfed.org/research/epr/10v16n2/1010sbor.html">http://www.newyorkfed.org/research/epr/10v16n2/1010sbor.html</a></p>

Session	Reading
<b>L-8</b>	<b>Fiscal Policy Analysis with DSGE Models</b>
	<p data-bbox="347 228 1485 338">Blanchard, O. and R. Perotti, 2002, "An Empirical Characterization of the Dynamic Effects of Changes in Government Spending and Taxes on Output," Quarterly Journal of Economics, Vol. 117, No. 4, pp. 1329-1368.</p> <p data-bbox="347 375 1485 485">Gali, J., D. Lopez Salido and J. Valles, 2007, "Understanding the Effects of Government Spending on Consumption," 2010 Journal of the European Economic Association, Vol. 5, No. 1, pp. 227-270.</p> <p data-bbox="347 522 1485 632">Christiano, L., M. Eichenbaum and S. Rebelo, 2011, "When Is the Government Spending Multiplier Large?" Journal of Political Economy, University of Chicago Press, Vol. 119, No. 1, pp. 78 - 121.  <a data-bbox="347 632 1365 667" href="http://faculty.wcas.northwestern.edu/~lchrist/course/Korea_2012/JPE_2011.pdf">http://faculty.wcas.northwestern.edu/~lchrist/course/Korea_2012/JPE_2011.pdf</a></p> <p data-bbox="347 705 1437 814">Ramey, Valerie A., 2011, "Can Government Purchases Stimulate the Economy?," Journal of Economic Literature, American Economic Association, Vol. 49, No. 3, pp. 673-685. <a data-bbox="472 779 1203 814" href="https://www.aeaweb.org/articles?id=10.1257/jel.49.3.673">https://www.aeaweb.org/articles?id=10.1257/jel.49.3.673</a></p>