

Reading List in Macroeconomics and Monetary Economics

Integral

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0 Introduction

Note to the Reader

This document lists a few hundred books and articles in monetary economics and macroeconomics. Despite its length, I've left out far more than I've kept in; I mean no disrespect to the authors whose papers I have omitted. Suggestions and additions welcome. The list gets more and more detailed as we approach the research frontier.

Abbreviations

1. General interest journals:

- (a) AER = American Economic Review, AER PP = AER Papers and Proceedings
- (b) JPE = Journal of Political Economy
- (c) QJE = Quarterly Journal of Economics
- (d) ECMA = Econometrica
- (e) RES = Review of Economic Studies
- (f) REStat = Review of Economics and Statistics
- (g) EJ = Economic Journal
- (h) IER = International Economic Review
- (i) EER = European Economic Review
- (j) JEEA = Journal of the European Economic Association
- (k) JET = Journal of Economic Theory
- (l) JEL = Journal of Economic Literature
- (m) JEP = Journal of Economic Perspectives

2. Macro journals:

- (a) JME = Journal of Monetary Economics
- (b) CR = Carnegie-Rochester Conference Series on Public Policy
- (c) AEJM = American Economic Journal: Macroeconomics
- (d) JMBCB = Journal of Money, Credit and Banking
- (e) RED = Review of Economic Dynamics
- (f) JEDC = Journal of Economic Dynamics and Control
- (g) MD = Macroeconomic Dynamics
- (h) BPEA = Brookings Papers on Economic Activity
- (i) MA = the National Bureau of Economic Research's *Macro Annual*
- (j) J Macro = Journal of Macroeconomics
- (k) JBF = Journal of Banking and Finance

Integral, This List is Cool but I Don't Want to Read 500 Papers

Okay, this thing is probably a bit too exhausting and it's important not to miss the forest for the trees. Here is a much shorter list for those who want the highlights. It is a mix of readable papers and technical papers. Stars indicate papers that require more mathematical background.

For those looking at graduate school, the "first course in..." lists should prove useful. Remaining readings are broken down by topic and time frame so you can hit the specific thread that interest you.

1. Friedman, "The Role of Monetary Policy," AER 1968. We're still separating the wheat from the chaff in this paper, forty-five years later.
2. Lucas, "Understanding Business Cycles," CR 1977. This paper is entirely literary and sets out many of the stylized facts in clear English.
3. Lucas, "Methods and Problems in Business Cycle Theory," JMCB 1980. This paper is quite literary and sets out Lucas' vision of "what macroeconomics ought to be about."
4. Sims, "Macroeconomics and Reality," ECMA 1981. This paper introduces the SVAR framework and is about 50% math, 50% talk. You can pick up many of the main substantive points even without the math.
5. Cochrane, "Shocks," CR 1994. What are the shocks that drive economic fluctuations? The paper is about 70% chat and 30% math. You can probably follow the chat even if you skip the math.
6. *King and Rebelo, "Resuscitating Real Business Cycles," Handbook of Macro 1999. This paper introduces the Real Business Cycle model in textbook form.
7. *Clarida, Gali, and Gertler, "The Science of Monetary Policy," JEL 1999. This paper introduces the New Keynesian model and investigates some aspects of the Great Moderation. I think it's the first paper to write down the 3-equation New Keynesian model in the form that we know it today; if someone can find an earlier paper, let me know.
8. Woodford, "Revolution and Evolution in Twentieth-Century Macroeconomics," 1999. This is one of the best short papers on the history of macroeconomic thought. It usefully distinguishes the Monetarists from the New Classicals from the RBC guys.
9. *Stock and Watson, "Has the Business Cycle Changed and Why?" MA 2002. Starts with a good verbal discussion of the Great Moderation, then gets into the statistical tests.
10. *Kilian, "Structural Vector Autoregressions," lecture notes dated 2011. This paper is sort of like KR or CGG in that it sets out the basics of SVAR models. The math isn't even that bad if you go through it slowly.

I Hate Math But Want to Understand Macro Anyway

Here are three papers.

1. Hume, *Of Money*, 1752.
2. Friedman, "The Role of Monetary Policy," 1968.
3. Eichenbaum, "Some Thoughts on Practical Stabilization Policy," AER PP 1997.

1 The Main Reading List

1.1 Macroeconomics from Hume to Wicksell

Early macroeconomic theory was essentially monetary and international, dealing with the determination of the price level, the gold standard, the balance of payments, and gold flows among nations. Starting in the early nineteenth century, banking and financial concerns became prominent. The period closes with Bagehot's theory of central banking and Wicksell's theory of the natural rate of interest as a key variable over the business cycle.

1. Hume, *Of Money*, 1752. Monetary theory proper starts with Hume. Herein you will find the statement of the Quantity Theory and an early, but sophisticated, version of the Phillips Curve.
2. Hume, *Of Interest*, 1752.
3. Hume, *Of the Balance of Trade*, 1752.
4. Hume, *Of the Jealousy of Trade*, 1752.
5. Cantillon, *Essay on the Nature of Trade in General*, 1755. Key innovations include the circular flow diagram and a theory of the velocity of money, which Hume neglects. Cantillon's *Essay* may be the first macroeconomics book ever written.
6. Smith, *The Wealth of Nations*, 1776. Typically considered the first great treatise in economics, the *Wealth of Nations* commits a few sections to the discussion of money and prices.
7. Thornton, *An Enquiry into the Nature and Effects of the Paper Credit of Great Britain*, 1802.
8. Bagehot, *Lombard Street: A Description of the Money Market*, 1873. This is the origin of modern central banking and is the first book to emphasize the lender-of-last-resort function of the central bank.
9. Wicksell, *Interest and Prices*, 1898. This is a classic, but the *Lectures in Political Economy* are clearer.
10. Wicksell, *Lectures in Political Economy*, 1908. See especially volume 2 for a lucid discussion of the "natural rate of interest."

1.2 Fisher, Pigou, Keynes

Fisher and Keynes developed two distinct paradigms for modelling dynamic macroeconomic phenomena. The Fisherian approach is to study, simultaneously and explicitly, the entire time horizon that is relevant for the question at hand. The Keynesian approach is to concentrate on the present and take present expectations of future events as exogenous. Keynes's approach won the day for about forty years, while macroeconomics since Lucas has been dominated by the Fisherian approach.

1. Fisher, *The Purchasing Power of Money*, 1911.
2. Pigou, "The Value of Money," QJE 1917.
3. Fisher, *The Money Illusion*, 1927.
4. Fisher, *The Theory of Interest*, 1930.
5. Keynes, *Tract for Monetary Reform*, 1923.
6. Keynes, *Treatise on Money*, 1930.
7. Keynes, *The General Theory of Employment, Interest, and Money*, 1936.
8. Hicks, "A Suggestion for Simplifying the Theory of Money," *Economica* 1935.

1.3 The Neoclassical Synthesis

We spent thirty years trying to unpack Keynes' *General Theory*. Macroeconomic research progressed along four main lines: the consumption function, the investment function, the money demand function, and price-setting behavior.

1.3.1 Developing Keynesian theory

1. Hicks, "Mr Keynes and the Classics," ECMA 1937.
2. Patinkin, "Price Flexibility and Full Employment," AER 1948.
3. Hansen, *Monetary Theory and Fiscal Policy*, 1948.
4. Modigliani, "Liquidity Preference and the Theory of Interest and Money," ECMA 1944.
5. Metzler, "Wealth, Saving, and the Rate of Interest." JPE 1951.
6. Patinkin, *Money, Interest, and Prices*, 1956.
7. Poole, "Optimal Choice of Monetary Policy Instruments in a Simple Stochastic Model," QJE 1970.

1.3.2 The consumption function: Life-Cycle and Permanent-Income Hypotheses

1. Modigliani and Brumberg, "Utility Analysis and the Consumption Function," 1954.
2. Friedman, *A Theory of the Consumption Function*, 1957.
3. Modigliani, "The Life Cycle, Individual Thrift, and the Wealth of Nations," AER 1986, has a nice summary of the early consumption literature.

1.3.3 The investment function: Q-Theory and adjustment costs

1. Jorgenson, "Capital Theory and Investment Behavior," AER PP 1963.
2. Tobin, "A General Equilibrium Approach to Monetary Theory," JMCB 1969.
3. Abel and Eberly, "A Unified Model of Investment Under Uncertainty," AER 1994, has a nice summary of the early investment literature.

1.3.4 The demand for money: liquidity-preference and cash-in-advance

1. Baumol, "The Transactions Demand for Cash," QJE 1952.
2. Tobin, "The Interest Elasticity of Transactions Demand for Cash." REStat 1956.
3. Tobin, "Liquidity Preference as Behavior Towards Risk," RES 1958.
4. Clower, "A Reconsideration of the Microfoundations of Monetary Theory," Western Econ J 1967.

1.3.5 Price-Setting, The Phillips Curve, and Macro-Econometric Models

1. Phillips, "The Relation Between Unemployment and the Rate of Change of Money Wages in the United Kingdom 1961-1957," *Economica* 1958.
2. Samuelson and Solow, "Analytical Aspects of Anti-Inflation Policy," AER PP 1960.
3. Gordon, "The History of the Phillips Curve," 2009 WP, has a nice summary.
1. Burns and Mitchell, *Measuring Business Cycles*, 1946.
2. Goldberger and Klein, *An Econometric Model of the United States*, 1955.
3. Fox, "Econometric Models of the United States," 1956 JPE.

1.4 Friedman and Monetarism

Friedman's historical work is of prime importance here.

1. Friedman, *Essays in Positive Economics*, 1953. This volume contains five essays on monetary economics, including a paper on commodity standards and a second on exchange-rate policy.
2. Friedman and Schwartz, *A Monetary History of the United States*, 1962. Self-recommending.
3. Friedman, "The Role of Monetary Policy," 1968. This is his Presidential Address to the AEA.
4. Anderson and Jordan, "Monetary and Fiscal Policy," FRB St. Louis Review 1968.
5. Friedman, "The Optimum Quantity of Money," 1969.
6. Friedman, "A Theoretical Framework for Monetary Analysis," JPE 1970.
7. Friedman, "The Counter-Revolution in Monetary Theory," 1970.
8. Friedman, "A Monetary Theory of Nominal Income," JPE 1971.
9. Johnson, "The Keynesian Revolution and the Monetarist Counter-Revolution," AER 1971.
10. Tobin, "Inflation and Unemployment," AER 1972. Useful as a contrast to Friedman.
11. van Overtveldt, *The Chicago School*, 2009. Some found it dry and undermotivated. I found it invigorating.

1.5 Lucas and New Classical Monetary Economics

Rational expectations and monetary surprises dominate these readings. Friedman '68 plus Lucas '72 plus Lucas '76 form the intellectual foundation upon which we built pretty much all of macro from 1980 to the present.

1. Muth, "Rational Expectations and the Theory of Price Movements," ECMA 1961.
2. Phelps, *Microeconomic Foundations of Employment and Inflation Theory*, 1970. The introduction by Phelps remains essential reading.
3. Lucas, "Expectations and the Neutrality of Money," JET 1972. This paper works through the effects of rational expectations on the dynamics of monetary shocks.
4. Lucas, "Econometric Evidence on the Natural Rate Hypothesis," AER 1973.
5. Lucas, "An Equilibrium Model of the Business Cycle," JPE 1975. This is the Lucas model in its mature form. Work through it by hand.
6. Lucas, "Econometric Policy Evaluation: A Critique," CR 1976. This is the famous Lucas Critique.
7. Lucas, "Understanding Business Cycles," JPE 1977. This is a useful review piece.
8. Lucas, "Asset Prices in an Exchange Economy," ECMA 1978. Consumption CAPM.
9. Lucas, "Methods and Problems in Business Cycle theory," 1980. Macro is quantitative model-building.
10. Sargent, "The End of Four Big Inflations," 1986.
11. Lucas, *Models of Business Cycles*, 1987.
12. Sargent, "A Primer on Monetary and Fiscal Policy," JBF 1999. I disagree with most of the claims here, but it's a good paper to read anyway.

Many of Lucas' papers are bundled in the 1981 volume *Studies in Business Cycle Theory*. After Lucas, the profession basically split off into three directions: real business cycle theory, new Keynesian theory, and vector autoregression analysis.

1.6 The Real Business Cycle Theory

This is the first research program to emerge from the Lucas critique of the 1970s. It forged ahead with perfect competition, rational expectations and microeconomic foundations. Since monetary shocks cannot explain business cycles in that setup, RBC researchers proposed a different source of fluctuations: productivity shocks.

1.6.1 The Theory

1. Kydland and Prescott, "Rules Rather than Discretion," JPE 1977.
2. Kydland and Prescott, "Time to Build and Aggregate Fluctuations," ECMA 1982.
3. Long and Plosser, "Real Business Cycles," JPE 1983.
4. Hansen, "Indivisible Labor and the Business Cycle," JME 1985.
5. Prescott, "Theory Ahead of Business Cycle Measurement," FRB Minneapolis Review 1986.
6. Summers, "Some Skeptical Observations on Real Business Cycle Theory," 1986.
7. Prescott, "Reply to a Skeptic," 1986.
8. King, Plosser, Rebelo, "Production, Growth, and Business Cycles I: The Basic Neoclassical Model," JME 1988.
9. King, Plosser, Rebelo, "Production, Growth, and Business Cycles II: New Directions," JME 1988.
10. Cooley and Hansen, "The Welfare Costs of Moderate Inflation," JMCB 1993.
11. Campbell, "Inspecting the Mechanism," AER 1994.
12. Stadler, "Real Business Cycles," JEL 1994.
13. King and Rebelo, "Resuscitating Real Business Cycles," Handbook of Macro 1999.
14. Rebelo, "Real Business Cycles: Past, Present, and Future," 2005.

1.6.2 Criticism

1. Rotemberg and Woodford, "Markups and the Business Cycle," MA 1991.
2. Cogley and Nason, "Output Dynamics and Real Business Cycle Models," AER 1995.
3. Rotemberg and Woodford, "RBC Models and Forecastable Movements in Output, Hours, and Consumption," AER 1996.
4. Gali, "Do Technology Shocks Explain Aggregate Fluctuations?" AER 1996.
5. Chow, "How the Basic RBC Model Fails to Explain US Time Series," JME 1998.
6. Gali and Rabanal, "Technology Shocks and Aggregate Fluctuations: How Well Does the RBC Model Fit the Postwar Data?" MA 2004.
7. Basu, Fernald, and Kimball, "Are Technology Improvements Contractionary?" AER 2006. ("Yes.")
8. Beaudry and Portier, "News, Stock Prices and Economic Fluctuations," AER 2006.

1.7 New Keynesian Economics

The New Keynesian research program is the second group to form out of the Lucas critique of the 1970s. It merged microeconomic foundations with sticky prices. Sticky prices almost immediately imply a role for countercyclical monetary policy.

1.7.1 The Theory

1. Fischer, "Long-Term Contracts, Rational Expectations, and the Optimal Money Supply Rule," JPE 1977.
2. Taylor, "Aggregate Dynamics and Staggered Contracts," JPE 1980.
3. Gordon, "Output Fluctuations and Gradual Price Adjustment," JEL 1981.
4. Gordon, "Price Inertia and Policy Ineffectiveness in the United States," JPE 1982.
5. Rotemberg, "Monopolistic Price Adjustment and Aggregate Output," RES 1982.
6. Rotemberg, "Sticky Prices in the United States," JPE 1982.
7. Calvo, "Staggered Prices in a Utility-Maximizing Framework," JME 1983.
8. Blanchard and Kiyotaki, "Monopolistic Competition and the Effects of Aggregate Demand," AER 1987.
9. Gordon, "What is New Keynesian Economics?" JEL 1990.
10. Taylor, "Discretion vs Policy Rules in Practice," CR 1993.
11. Ball and Mankiw, "A Sticky-Price Manifesto," CR 1994.
12. Obstfeld and Rogoff, "Exchange Rate Dynamics Redux," QJE 1995.
13. Yun, "Nominal price rigidity, money supply endogeneity, and business cycles," JME 1996.
14. Goodfriend and King, "The New Neoclassical Synthesis and the Role of Monetary Policy," MA 1997.
15. Clarida, Gali, and Gertler, "The Science of Monetary Policy," JEL 1999.
16. King, "The New IS-LM Model: Language, Logic, and Limits," *Economic Quarterly* 2000.
17. Ireland, "Technology Shocks in a New Keynesian Model," REStat 2004.
18. Christiano, Eichenbaum, and Evans, "Nominal Rigidities and the Dynamic Effects of a Shock to Monetary Policy," JPE 2005.
19. Smets and Wouters, "Shocks and Frictions in US Business Cycles," AER 2007.
20. Hall, "How Much Do We Understand about the Modern Recession?" BPEA 2007.
21. Blanchard and Gali, "Real Wage Rigidities and the New Keynesian Model," JMCB 2007.
22. Gali, "The NK Approach to Monetary Policy Analysis: Lessons and New Directions," 2008.
23. Blanchard, "The State of Macro," AEJ 2008.
24. Ireland, "A New Keynesian Perspective on the Great Recession," JMCB 2011.

1.7.2 Criticism

1. Chari, Kehoe, and McGratten, "Sticky Price Models of the Business Cycle," ECTA 2000.
2. Chari, Kehoe, and McGratten, "New Keynesian Models: Not Yet Useful," AEJ Macro 2009.

1.8 Structural Vector Autoregressions

This is the third research program that came out of the Lucas critique of the 1970s. It relies as little on theory as possible and attempts to let the data “speak for itself” with a minimal set of restrictions. The framework is quite useful in studying the empirical response to macro shocks: TFP, government spending, money, news, energy, . . .

1.8.1 The Theory and General Issues

1. Sims, “Macroeconomics and Reality,” ECMA 1981.
2. Shapiro and Watson, “Sources of Business Cycle Fluctuations,” MA 1988.
3. Blanchard and Quah, “The Dynamic Effects of Aggregate Demand and Aggregate Supply Disturbances,” AER 1989.
4. Gali, “How Well Does the IS-LM Model Fit Postwar U.S. Data,” QJE 1992.
5. Cochrane, “Shocks,” CR 1994.
6. Stock and Watson, “Has the Business Cycle Changed and Why?” MA 2002.
7. Fernandez-Villaverde et al, “The A’s, B’s, C’s, (and D’s) of VARs,” AER 2007.
8. Kilian, “Structural Vector Autoregressions,” Lecture notes dated 2011.

1.8.2 TFP (Technology) Shocks

1. Basu, “Procyclical Productivity: Increasing Returns or cyclical Utilization?” QJE 1996.
2. Gali, “Technology, Employment, and the Business Cycle,” AER 1999.
3. Francis and Ramey, “Measures of Hours per Capita and their Implications for the Technology-Hours Debate,” JME 2005.
4. Dedola and Neri, “What Does a Technology Shock Do?” WP 2006.
5. Beaudry and Lucke, “Letting Different Views about Business Cycles Compete,” MA 2006.
6. E. Sims, “Permanent and Transitory Technology Shocks and the Behavior of Hours,” 2011.

1.8.3 Monetary Shocks

1. Bernanke and Mihov, “Measuring Monetary Policy,” QJE 1998.
2. Christiano, Eichenbaum, and Evans, “Monetary Policy Shocks,” Handbook of Macro 1999.
3. Angeloni et al, “Monetary Transmission in the Euro Area,” JMCB 2002.
4. Sims and Zha, “Does Monetary Policy Create Recessions?” MD 2005.
5. Uhlig, “What are the Effects of Monetary Policy on Output?” JME 2005.

1.8.4 Government Spending Shocks

1. Blanchard and Perotti, “An Empirical Characterization of the Dynamic Effects of Changes in Government Spending and Taxes on Output,” QJE 2002.
2. Engemann, Owyang, and Zubairy, “A Primer on the Empirical Identification of Government Spending Shocks,” FRB St. Louis Review 2008.
3. Mountford and Uhlig, “What are the Effects of Fiscal Policy Shocks,” J. Applied Econometrics 2009.
4. Ramey, “Identifying Government Spending Shocks,” QJE 2011.
5. Ramey, “Can Government Purchases Stimulate the Economy?” JEL 2011.
6. Ravin, Schmitt-Grohe, Uribe, “Consumption, Government Spending, and the Real Exchange Rate,” JME 2012.

1.8.5 News Shocks

1. Beaudry and Portier, “Stocks, News and Economic Fluctuations,” AER 2006.
2. Jaimovich and Rebelo, “Can News about the Future Drive the Business Cycle?” AER 2009.
3. Lorenzoni, “A Theory of Demand Shocks,” AER 2009.
4. Barsky and Sims, “News Shocks and Business Cycles,” JME 2011.
5. Schmitt-Grohe and Uribe, “What’s News in Business Cycles,” ECTA 2012.
6. E. Sims, “Uncertainty and Economic Activity,” AEJ Macro 2013.
7. Blanchard, “Noise, News, and Fluctuations: An Empirical Exploration,” AER 2013.

1.8.6 Energy Shocks

1. Hamilton, “Oil and the Macroeconomy Since World War II,” JPE 1983.
2. Hamilton, “This is What Happened to the Oil Price-Macroeconomy Relationship,” JME 1996.
3. Bernanke, Watson, Gertler, “Systematic Monetary Policy and the effects of oil price shocks,” BPEA 1997.
4. Barsky and Kilian, “Do We Really Know that Oil Caused the Great Stagflation? A Monetary Alternative,” MA 2001.
5. Hamilton, “What is an Oil Shock?” J Econometrics 2003.
6. Jones, Leiby, and Paik, “Oil Price Shocks and the Macroeconomy: What has been Learned Since 1996,” Energy Journal 2004.
7. Kilian, “Exogenous Oil Price Shocks: How Big Are They and How Much do they Matter?” REStat 2008.
8. Kilian, “Not All Oil Price Shocks Are Alike,” AER 2009.
9. Hamilton, “Historical Oil Shocks,” 2011.

1.8.7 Investment-Specific Technology Shocks

1. Justiano, Primiceri, and Tambalotti, “Investment Shocks and the Relative Price of Investment,” RED 2011.
2. Chen and Wemy, “Investment-Specific Technology Shocks: The Source of Anticipated TFP Fluctuations,” 2014.

1.8.8 Criticism

1. Chari, Kehoe, and McGratten, “A Critique of Structural VARs,” WP 2005.
2. Chari, Kehoe, and McGratten, “Are Structural VARs with Long-Run Restrictions Useful in Developing Business Cycle Theory?” JME 2008.
3. Christiano, Eichenbaum, and Vigfusson, “Assessing Sructural VARs,” MA 2006.

1.9 Odds and Ends

These are additional “classic papers” that you should be aware of that don’t really fit in the main storyline, but nevertheless are part of the professional consciousness.

1. Samuelson, “An Exact Consumption-Loan Model of Interest,” JPE 1958.
2. Shell, “Notes on the Economics of Infinity,” JPE 1971.
3. Gale, “Pure Exchange Equilibrium of Dynamic Economic Models,” JET 1972.
4. Barro, “Are Government Bonds Net Wealth?” JPE 1974.
5. Sargent and Wallace, “Rational Expectations, the Optimal Monetary Instrument, and the Optimal Money Supply Rule,” 1975.
6. Lucas and Sargent, “After Keynesian Macroeconomics,” 1979.
7. Lucas, “Two Illustrations of the Quantity Theory of Money,” AER 1980.
8. Mehra and Prescott, “Recursive Competitive Equilibrium,” ECMA 1980.
9. Sargent and Wallace, “Some Unpleasant Monetarist Arithmetic,” 1981.
10. Diamond and Dybvig, “Bank Runs, Deposit Insurance, and Liquidity,” JPE 1983.
11. Barro and Gordon, “A Positive Theory of Monetary Policy in a Natural-Rate Model,” JPE 1983.
12. Barro and Gordon, “Rules, Discretion, and Reputation in a Model of Monetary Policy,” JME 1983.
13. Bewley, “A Difficulty with the Optimal Quantity of Money,” ECTA 1983.
14. Huggett, “The Risk-Free Rate in Heterogeneous-Agent Incomplete-Insurance Economies,” JEDC 1983.
15. Mehra and Prescott, “The Equity Premium: A Puzzle,” JME 1985.
16. Shleifer, “Implementation Cycles,” JPE 1986.
17. Kiyotaki and Wright, “On Money as a Medium of Exchange,” JPE 1989.
18. Aiyagari, “Uninsured Idiosyncratic Risk and Aggregate Saving,” QJE 1994.
19. Kocherlakota, “Money is Memory,” JET 1998.
20. Wallace, “A Dictum for Monetary Theory,” FRB Minneapolis Review 1998.
21. Bryant, “A Simple Rational Expectations Keynes-Type Model,” QJE 1998.
22. Uhlig, “A Toolkit for Analyzing Nonlinear Dynamic Stochastic Models Easily,” 1999.
23. Lucas, “Macroeconomic Priorities,” AER 2004.
24. Chari, Kehoe, and McGratten, “Business Cycle Accounting,” ECTA 2007.

2 Topics

2.1 A First Course in Economic Growth

This list covers the Solow model, the neoclassical (Ramsey-Cass-Koopmans) model, the overlapping generations (Samuelson-Diamond) model, expanding variety models, quality ladders, and adds a few empirical papers for flavor. Please supplement with Barro's growth book as needed; see the book list below.

1. Solow, "A Contribution to the Theory of Economic Growth," QJE 1956.
2. Ramsey, "A Mathematical Theory of Saving," EJ 1928.
3. Cass, "Optimum Growth in an Aggregate Model of Capital Accumulation," RES 1965.
4. Koopmans, "On the Concept of Optimal Economic Growth," in *The Econometric Approach to Development Planning*, 1965.
5. Samuelson, "An Exact Consumption-Loan Model of Interest," 1958.
6. Diamond, "National Debt in a Neoclassical Growth Model," AER 1965.
7. Romer, P., "Increasing Returns and Long-Run Economic Growth," JPE 1986.
8. Lucas, "On the Mechanics of Economic Development," JME 1988.
9. Romer, P., "Endogenous Technological Change," JPE 1990.
10. Aghion and Howitt, "A Model of Growth Through Creative Destruction," ECMA 1992.
11. Mankiw, Romer, and Weil, "A Contribution to the Empirics of Economic Growth," QJE 1992.
12. Kremer, "Population Growth and Technological Change: One Million B.C. to 1990," QJE 1993.
13. Young, "The Tyranny of Numbers," QJE 1995.
14. Jones, "R&D Models of Economic Growth," JPE 1995.
15. Klenow and Rodriguez-Clare, "The Neoclassical Revival in Growth Economics," MA 1997.
16. Jones, "Growth: With or Without Scale Effects?" AER PP 1999.
17. Weil and Galor, "From Malthusian Stagnation to Modern Growth," AER PP 1999.
18. Easterly and Levine, "It Is Not Factor Accumulation," World Bank Economic Review 2005.
19. Galor, "Unified Growth Theory," 2005.

2.2 A First Course in Business Cycles

This is enough for a simple, ten-week overview of the field: it sets out the basic issues in a bevy of background articles, hits key points in the RBC/NK/SVAR literatures, and includes a few empirical papers for flavor.

1. Friedman, "The Role of Monetary Policy," AER 1968.
2. Lucas, "Understanding Business Cycles," CR 1977.
3. Lucas, "Asset Pricing in an Exchange Economy," JET 1978.
4. Hall, "Stochastic Implications of the Life-Cycle/Permanent-Income Hypothesis," JPE 1978.
5. Lucas, "Methods and Problems in Business Cycle Theory," 1980.
6. Sims, "Macroeconomics and Reality," ECMA 1981.
7. Mehra and Prescott, "The Equity Premium: A Puzzle," JME 1985.
8. Prescott, "Measurement Ahead of Theory," 1986.
9. Summers, "Some Skeptical Observations on Real Business Cycle Theory," 1986.
10. Rotemberg and Woodford, "Markups and the Business Cycle," MA 1991.
11. Cochrane, "Shocks," CR 1994.
12. Eichenbaum, "Some Thoughts on Practical Stabilization Policy," AER PP 1997.
13. Uhlig, "A Toolkit for Analyzing Nonlinear Dynamic Stochastic Models Easily," 1999.
14. King and Rebelo, "Resuscitating Real Business Cycles," Handbook of Macro 1999.
15. Stock and Watson, "Business Cycle Fluctuations in US Time Series," Handbook of Macro 1999.
16. Clarida, Gali, and Gertler, "The Science of Monetary Policy," JEL 1999.
17. Gali and Gertler, "Inflation Dynamics: A Structural Econometric Analysis," JME 1999.
18. Ireland, "Technology Shocks in a New Keynesian Model," REStat 2004.
19. Schmitt-Grohe and Uribe, "Solving Dynamic General Equilibrium Models Using a Second-Order Approximation to the Policy Function," JEDC 2004.
20. Leeper, "Monetary Science, Fiscal Alchemy," Jackson Hole 2010.
21. Klenow and Malin, "Microeconomic Evidence on Price Setting," Handbook of Monetary Econ 2011.
22. Fernandez-Villaverde, Syllabus for "Graduate Macroeconomics." <http://economics.sas.upenn.edu/~jesusfv/teaching.html>

2.3 Solving DSGE Models

A dynamic, stochastic general equilibrium model typically takes the form of a set of nonlinear first- or second-order difference equations. These can be cumbersome to solve even when linear, and are usually impossible to solve by hand in their full nonlinear form. Thus we must turn to computational tools. The dominant strategy up to the mid-2000s has been to take a linear approximation to the model around its steady-state and apply well-known tools for solving linear expectational difference equations, typically using Uhlig's toolkit via Matlab. Solution times are very fast for linearized models.

Recently, macroeconomists have worked on phenomena (zero bounds, debt-default, borrowing constraints) which are inherently nonlinear and demand solutions beyond the first-order approximation. Two methods forward have been taken: one analyzes second-, third-, and higher-order local solutions around the steady state; the other analyzes globally approximate solutions. Typically these methods computationally appeal to FORTRAN and its fast nonlinear equation solvers. Solutions take non-negligible time if you go beyond about three or four state variables.

2.3.1 First-Order Linear Solutions

1. Blanchard and Kahn, "The Solution to Linear Difference Models under Rational Expectations," ECTA 1980.
2. McCallum, "On Non-Uniqueness in Rational Expectations Models," JME 1983. Introduces the MSV criterion.
3. Uhlig, "A Toolkit for Analyzing Nonlinear Dynamic Stochastic Models Easily," 1999.
4. Klein, "Using the Generalized Schur Form to Solve a Multivariate Linear Rational Expectations Model," JEDC 2000.
5. Sims, "Solving Linear Rational Expectations Models," Computational Economics 2001.
6. Schmitt-Grohe and Uribe, "Solving Dynamic General Equilibrium Models Using a Second-Order Approximation to the Policy Function," JEDC 2004.
7. Canova, *Methods for Applied Macroeconomic Research*, 2007, chapter 2.
8. Dejong and Dave, *Structural Macroeconometrics*, 2011, chapter 4.

2.3.2 Higher-Order, Global, and Regime-Switching Models

1. Davig and Leeper, "Generalizing the Taylor Principle," AER 2007.
2. Farmer, Waggoner, and Zha, "Minimal State Solutions to Markov-Switching RatEx Models," 2010.
3. Foerster, Rubio-Ramirez, Waggoner, and Zha, "Perturbation Methods for Markov-Switching Models," 2012.
4. Dejong and Dave, *Structural Macroeconometrics*, 2011, chapter 5.

2.4 Stylized Facts

2.4.1 General

What is a business cycle? Are all cycles alike? Has the business cycle changed over time?

1. Burns and Mitchell, *Measuring Business Cycles*, 1945.
2. Koopmans, “Measurement without Theory,” REStat 1947.
3. Kaldor, “A Model of Economic Growth,” EJ 1957. Introduces the “growth stylized facts.”
4. Lucas, “Understanding Business Cycles,” JPE 1977.
5. Prescott, “Theory Ahead of Measurement,” FRBMN 1986. Introduces the “business cycle facts.”
6. Gordon, “What is New Keynesian Economics?” JEL 1990.
7. Kydland and Prescott, “Real Facts and a Monetary Myth,” 1990.
8. Baxter, “Business Cycles, Stylized Facts, and the Exchange Rate Regime,” JIMF 1991.
9. Backus and Kehoe, “International Evidence on the Historical Properties of Business Cycles,” AER 1992.
10. McCandless and Weber, “Some Monetary Facts,” FRB Minneapolis 1995.
11. Barro, “Inflation and Economic Growth,” Bank of England Economic Quarterly 1995.
12. Bullard and Keating, “The Long-Run Relationship Between Inflation and Output in Postwar Economies,” JME 1996.
13. Stock and Watson, “Business Cycle Fluctuations in US Macro Time Series,” Handbook of Macro 1999.
14. Christiano, Eichenbaum, and Evans, “Monetary Policy Shocks: What Have We Learned?” Handbook of Monetary Economics 1999. Note that this paper is long and a bit dry.
15. Cross-Sectional Facts for Macro: <http://www.economicdynamics.org/RED-cross-sectional-facts.htm>

2.4.2 Wage and Price Stickiness

In a classical model, wages and prices adjust quickly to clear markets. Do prices adjust quickly in response to economic shocks? What about wages?

1. Carlton “The rigidity of prices,” AER 1986.
2. Kashyap “Sticky prices: New evidence from retail catalogs,” QJE 1995.
3. Bilal and Klenow “Some Evidence on the Importance of Sticky Prices,” JPE 2004.
4. Klenow and Malin, “Microeconomic Evidence on Price Setting,” Handbook of Monetary Econ 2011.
5. Nakamura and Steinsson “Price Rigidity: Micro Evidence and Macro Implications,” WP 2013.
6. Campbell “Rigid Prices: Evidence from US Scanner Data,” WP 2013.
7. Barattieri, Basu, and Gottschalk “Some Evidence on the Importance of Sticky Wages,” AEJM 2014.

2.5 The Consumption Function

The Permanent Income Hypothesis and tests of the hypothesis:

1. Friedman, *A Theory of the Consumption Function*, 1957.
2. Hall, "Stochastic Implications of the Life Cycle/Permanent Income Hypothesis," JPE 1978.
3. Modigliani, "The Life Cycle, Individual Thrift, and the Wealth of Nations," AER 1986.
4. Hall, "Intertemporal Substitution in Consumption," JPE 1988.
5. Cochrane, "The Sensitivity of Tests of the Intertemporal Allocation of Consumption to Near-Rational Alternatives," AER 1989.
6. Campbell and Mankiw, "Consumption, Income, and Interest Rates: Reinterpreting the Time Series Evidence," MA 1989.
7. Deaton, "Saving and Liquidity Constraints," ECTA 1991.
8. Carroll and Summers, "Consumption Growth Parallels Income Growth," NBER 1991.
9. Carroll, "How does Future Income Affect Current Consumption?" QJE 1994.
10. Shea, "Union Contracts and the Life-Cycle/Permanent-Income Hypothesis," AER 1995.
11. Shapiro and Slemrod. "Consumer Response to the Timing of Income," AER 1995.
12. Browning and Lusardi, "Household Saving: Micro Theories and Macro Facts," JEL 1996.
13. Parker, "The Reaction of Household Consumption to Predictable Changes in Social Security Taxes," AER 1999.
14. Souleles, "The response of household consumption to income tax refunds," AER 1999.
15. Angeletos, "The Hyperbolic Consumption Model," JEP 2001.
16. Campbell, "Death to the Log-Linearized Consumption Euler Equation!" BE J Macro (Advances) 2001.
17. Basu and Kimball, "Long-Run Labor Supply and the Elasticity of Intertemporal Substitution for Consumption," WP 2002.
18. Gross and Souleles, "Do Liquidity Constraints and Interest Rates Matter for Consumer Behavior? Evidence from Credit Card Data." QJE 2002.
19. Hsieh, "Do consumers react to anticipated income changes? Evidence from the Alaska permanent fund," AER 2003.
20. Johnson, Parker, Souleles, "Household Expenditure and the Income Tax Rebates of 2001," AER 2006.
21. Attansio and Low, "Estimating Euler Equations," RED 2007.
22. Attanasio and Weber, "Consumption and Saving," JEL 2010.

Consumption and asset pricing:

1. Lucas, "Asset Pricing in an Exchange Economy," JET 1978.
2. Mehra and Prescott, "The Equity Premium: A Puzzle," JME 1985.
3. Mankiw and Shapiro, "Risk and Return: Consumption Beta versus Market Beta," REStat 1986.
4. Barsky, "Why Don't the Prices of Stocks and Bonds Move Together?" AER 1989.
5. Dynan, How Prudent are Consumers? JPE 1993.
6. Gabaix and Laibson, "The 6D Bias and the Equity Premium Puzzle." MA 2001.

2.6 Macro-Labor

This is just a brief overview for a first course.

1. Lucas and Prescott, "Equilibrium Search and Unemployment," JET 1974.
2. Lucas, *Models of Business Cycles*, chapter V.
3. Hansen, "Indivisible Labor and the Business Cycle," JME 1985.
4. Rogerson, "Indivisible Labor, Lotteries and Equilibrium," JME 1988.
5. Cooper and John, "Coordinating Coordination Failures in Keynesian Models," QJE 1988.
6. Hosios, "On the Efficiency of Matching and Related Models of Search and Unemployment," RES 1990.
7. Andolfatto, "Business Cycles and Labor Market Search," AER 1996.
8. Moen, "Competitive Search Equilibrium," JPE 1997.
9. Shimer, "The Cyclical Behavior of Equilibrium Unemployment and Vacancies," AER 2005.
10. Pissarides, "The Unemployment Volatility Puzzle," ECTA 2009.
11. Rogerson, Shimer, and Wright, "Search-Theoretic Models of the Labor Market: A Survey," JEL 2005.
12. Shimer, "Convergence in Macroeconomics: The Labor Wedge," 2008.
13. Shimer, "Reassessing the Ins and Outs of Unemployment," RED 2012.
14. Keane and Rogerson, "Micro and Macro Labor Supply Elasticities," JEL 2012.
15. Chetty, "Does Indivisible Labor Explain the Difference between Micro and Macro Elasticities?" 2012.
16. Albrecht, Syllabus for "Macro-Labor Economics." <http://faculty.georgetown.edu/albrecht/MacroLabor/Syllabus.pdf>

2.7 Macro-Finance

Again, this is the briefest of overviews. I start with the Modigliani-Miller financial irrelevance theorem, then jump to Williamson's costly-state-verification model, and then present the three core models: Carlstrom-Fuerst, Kiyotaki-Moore, and BGG. More recently, Gertler and coauthors have revisited the financial frictions model and applied it to quantitative easing.

1. Modigliani and Miller, "The Cost of Capital, Corporate Finance and the Theory of Investment," AER 1958.
2. Williamson, "Costly Monitoring, Loan Contracts, and Equilibrium Credit Rationing," QJE 1987.
3. Gertler, "Financial Structure and Aggregate Economic Activity: An Overview," JMCB 1988.
4. Bernanke and Gertler, "Agency Costs, Net Worth, and Business Fluctuations," AER 1989.
5. Carlstrom and Fuerst, "Agency Costs, Net Worth, and Business Fluctuations: A computable General Equilibrium Analysis," AER 1997.
6. Kiyotaki and Moore, "Credit Cycles," JPE 1997.
7. Bernanke, Gertler, and Gilchrist, "The Financial Accelerator in a Quantitative Business Cycle Framework," Handbook of Macroeconomics 1999.
8. Gertler, "Comment on 'Aggregate Implications of Credit Market Imperfections'," MA 2007.
9. Gertler and Kiyotaki, "Financial Intermediation and Credit Policy in Business Cycle Analysis," Handbook of Monetary Economics 2011.
10. Adrian and Shin, "Financial Intermediation and Monetary Economics," Handbook of Monetary Economics 2011.
11. Gertler and Karadi, "A Model of Unconventional Monetary Policy," JME 2011.
12. Jermann and Quadrini, "Macroeconomic Effects of Financial Shocks," AER 2012.
13. Brunnermeier, "Macroeconomics with Financial Frictions: A Survey," WP 2012.
14. Gertler, Syllabus for "Incorporating Financial Factors within Macroeconomic Modelling and Policy Analysis." <http://www.econ.nyu.edu/user/gertlerm/minicourse.html>

2.8 Money and Inflation

There's a lot of overlap with the New Keynesian reading list. Okay, so we know that money doesn't matter in an Arrow-Debreu, Walrasian model. It certainly doesn't hold for Robinson Crusoe economies (who's he gonna trade with?). There are two basic shortcuts for inserting money into the model: cash-in-advance (Chicago-style) and money-in-utility (saltwater style). The two approaches are basically isomorphic and are exactly isomorphic under some constellations of utility functions and parameter values. Once you've made money matter, you can then insert price stickiness and do policy analysis.

There is another research program which attempts to model the deep microfoundations of money, in particular the medium-of-exchange role of money. This is the "New Monetarist" line of research; I include three recent reviews; names in this literature are Lagos, Wright, and Williamson.

1. Clower, "A Reconsideration of the Microfoundations of Money," WEJ 1967.
2. Lucas, "Expectations and the Neutrality of Money," JET 1972.
3. Lucas, *Models of Business Cycles*, chapter VI, VII.
4. Bean, "Nominal Income Targeting: An Appraisal," EJ 1983.
5. Svensson, "Money and Asset Prices in a Cash-in-Advance Economy," JPE 1985.
6. Lucas, "Money and Interest in a Cash-in-Advance Economy," ECMA 1987.
7. Romer and Romer, "Does Monetary Policy Matter? A New Test in the Spirit of Friedman and Schwartz," MA 1989.
8. Cooley and Hansen, "The Inflation Tax in a Real Business Cycle Model," AER 1989.
9. Cooley and Ohanian, "The Cyclical Behavior of Prices," JME 1991.
10. Cooley and Hansen, "The Welfare Cost of Moderate Inflations," JMCM 1993.
11. Roberts, "New Keynesian Economics and the Phillips Curve," JMCM 1995.
12. Fuhrer and Moore, "Inflation Persistence," QJE 1995.
13. Svensson, "Inflation Forecast Targeting: Implementing and Monitoring Inflation Targets," EER 1997.
14. McCallum and Nelson, "An Optimizing IS-LM Specification," JMCM 1999.
15. Gali and Gertler, "Inflation Dynamics: A Structural Econometric Analysis," JME 1999.
16. Gali, Gertler, and Lopez-Salido, "European Inflation Dynamics," EER 2001.
17. Lagos and Wright, "A Unified Framework for Monetary Theory and Analysis," JPE 2005. Warning: microfoundations so deep even *Lucas* asked, "Why?" at a seminar presentation of this paper.
18. Judd and Whelan, "Modelling inflation dynamics: A Critical Review of Recent Research," JMCM 2007.
19. Davig and Leeper, "Generalizing the Taylor Principle," AER 2007.
20. Gali, *Monetary Policy, Inflation, and the Business Cycle*, 2008. Chapters 1-4.
21. Williamson and Wright, "New Monetarist Economics: Methods," FRB St Louis Review 2010.
22. Williamson and Wright, "New Monetarist Economics: Models," Handbook of Monetary Econ 2011.
23. Fuhrer, "Inflation Persistence," Handbook of Monetary Econ 2011.
24. Justiniano, Primiceri, and Tambalotti, "Is there a Tradeoff Between Inflation and Output Stabilization?" AEJ Macro 2013.

2.9 Beyond Full-Information Rational Expectations

Rational expectations, the data, and emerging alternatives.

1. Muth, "Rational Expectations and the Theory of Price Movements," ECMA 1961.
2. Lucas, "Expectations and the Neutrality of Money," JET 1972.
3. Lucas and Sargent, *Rational Expectations and Econometric Practice*, 2 vols, 1981.
4. Townsend, "Forecasting the Forecasts of Others," 1983.
5. Attfield, Demery, and Duck, *Rational Expectations in Macroeconomics*, 1991. Undergrad level.
6. Evans and Honkapohja, *Learning and Expectations in Macroeconomics*, 2001. Grad level.
7. Woodford, "Imperfect Common Knowledge," WP 2001.
8. Morris and Shin, "The Social Value of Public Information," AER 2002.
9. Melosi, "Estimating Models with Information Frictions," 2011.
10. Sims, "Implications of Rational Inattention," JME 2003.
11. Bulliard and Mitra, "Learning About Monetary Policy Rules," JME 2002.
12. Mankiw and Reis, "Sticky Information vs Sticky Prices," QJE 2002.
13. Mankiw and Reis, "Sticky Information in General Equilibrium," JEEA 2004.
14. Milani, "Expectations, Learning, and Macroeconomic Persistence," JME 2007.
15. Milani, "Expectations, Learning and Macroeconomic Persistence," JME 2007.
16. Milani, "Learning and Time-Varying Macroeconomic Volatility," WP 2007.
17. Hellwig and Veldkamp, "Knowing What Others Know," RES 2009.
18. Mackowiak, "Optimal Sticky Prices Under Rational Inattention," AER 2009.
19. Sims, "Rational Inattention and Monetary Economics," Handbook of Monetary Econ 2011.
20. Mankiw and Reis, "Imperfect Information and Aggregate Supply," Handbook of Monetary Econ 2011.
21. Eusepi and Preston, "Expectations, Learning, and Business Cycle Fluctuations," AER 2011.

2.10 The Liquidity Trap

1. Krugman, "It's Baaack: Japan's Slump and the Return of the Liquidity Trap," BPEA 1998.
2. Svensson, "How Should Monetary Policy be Conducted in an Era of Price Stability?" in *New Challenges for Monetary Policy*, 1999.
3. McCallum, "Theoretical Analysis Regarding a Zero Lower Bound on Nominal Interest Rates," JMCB 2000.
4. Bernanke, "Japanese Monetary Policy: A Case of Self Induced Paralysis?" IIE, 2000.
5. Benhabib, Schmitt-Grohe, and Uribe, "Monetary Policy and Multiple Equilibria," AER 2001.
6. Benhabib, Schmitt-Grohe, and Uribe, "Perils of Taylor Rules," JET 2001.
7. Benhabib, Schmitt-Grohe, and Uribe, "Avoiding Liquidity Traps," JPE 2002.
8. Benhabib, Schmitt-Grohe, and Uribe, "Backward-Looking Interest-Rate Rules, Interest-Rate Smoothing, and Macroeconomic Instability," WP 2003.
9. Carlstrom and Fuerst, "Comments on Backward-Looking Interest-Rate Rules, Interest-Rate Smoothing, and Macroeconomic Instability," WP 2003.
10. Eggertsson and Woodford, "The Zero Bound on Interest Rates and Optimal Monetary Policy," BPEA 2003.
11. Bernanke, Reinhart and Sack, "Monetary Policy Alternatives at the Zero Lower Bound," WP 2004.
12. Ireland, "The liquidity trap, the real balance effect, and the Friedman rule," IER 2005.
13. Jeanne and Svensson, "Credible Commitment to Optimal Escape from a Liquidity Trap," AER 2007.
14. Eggertsson, "Great Expectations and the End of the Depression," AER 2008.
15. Evans and Honkapohja, "Liquidity Traps, Learning and Stagnation," EER 2008.
16. Werning, "Managing a Liquidity Trap: Monetary and Fiscal Policy," WP 2011.
17. Eggertsson and Krugman, "Debt, Deleveraging, and the Liquidity Trap," QJE 2012.
18. Fernandez-Villaverde, et al, "Nonlinear Adventures at the Zero Lower Bound," 2012 WP.
19. Woodford, "Methods of Policy Accommodation at the Interest-Rate Lower Bound." Jackson Hole 2012.
20. Justiniano, et al, "On Forward Guidance in Monetary Policy," BPEA 2012.
21. Arouba and Schorfheide, "Macro Dynamics Near the ZLB: A Tale of Two Equilibria," WP 2013.
22. Bundick, "Forward Guidance Under Uncertainty," WP 2013.
23. Christiano, Motto, and Rostagno, "Risk Shocks," WP 2013.
24. Romer, "It Takes a Regime Shift," 2013.
25. Wu and Xia, "Measuring the Macro Impact of Monetary Policy at the Zero Lower Bound," WP 2014.
26. Christiano, Eichenbaum, and Trabandt, "Understanding the Great Recession," WP 2014.

2.11 Monetary Regimes and Monetary History

From the Depression to the Recession. Those interested in the Greenback period can read Friedman and Schwartz. I am unfortunately leaving out many international issues; Europe is a gaping hole in this list. In this section, JEH is the Journal of Economic History.

2.11.1 Core Readings in the Great Depression

1. Friedman and Schwartz, *A Monetary History of the United States*, 1963.
2. Bernanke, “Nonmonetary effects of financial crisis in the propagation of the Depression,” AER 1983.
3. Romer, “What Ended the Great Depression,” JEH 1992.
4. Eichengreen and Temin, “The Gold Standard and the Great Depression,” CEH 2000.
5. Eggertsson, “Great Expectations and the End of the Depression,” AER 2008.

2.11.2 More readings: The Gold Standard and the Great Depression

1. Bloomfield, *Monetary Policy Under the International Gold Standard*, 1959.
2. Gourevitch, “Breaking with Orthodoxy: The Politics of Economic Policy Response to the Depression of the 1930s,” International Organization 1984.
3. Eichengreen and Sachs, “Exchange Rates and Economic Recovery in the 1930s,” JEH 1985.
4. Bordo, Goldin and White, *The Defining Moment: The Great Depression and the American Economy in the Twentieth Century*, 1988.
5. O’Brien, “A behavioral explanation for nominal wage rigidity during the Great Depression,” QJE 1989.
6. Romer, “The Great Crash and the Onset of the Great Depression,” QJE 1990.
7. Bernanke and Harold, “The Gold Standard, Deflation, and Financial Crisis in the Great Depression: An International Comparison,” 1991.
8. Eichengreen, *Gold Fetters: The Gold Standard and the Great Depression*, 1992.
9. Bordo and Rockoff, “The Gold Standard as a ‘Good Housekeeping Seal of Approval’,” JEH 1996.
10. Crucini and Kahn, “Tariffs and Aggregate Economic Activity: Lessons from the Great Depression,” JME 1996.
11. Simmons, *Who Adjusts?* 1997.
12. Eichengreen and Irwin, “The Slide to Protectionism in the Great Depression,” JEH 2010.
13. Romer and Eichengreen, Syllabus for “Economic History.” http://eml.berkeley.edu/~cromer/e210a_f01/syllabus.pdf
14. Romer and Romer, Syllabus for “Macro History,” http://eml.berkeley.edu/~cromer/courses/e210c_f13/e210c.shtml
15. Romer and Romer, Syllabus for “Macro Policy.” http://eml.berkeley.edu/~webfac/cromer/e134_sp13/e134.shtml
16. Romer, *Short Run Fluctuations*, Manuscript 2013.
17. Journal of Economic Perspectives, Spring 1993 issue.

2.11.3 The Postwar Boom and the Great Inflation

1. Hamilton, "Oil and the Macroeconomy since World War II," JPE 1983.
2. Romer, "Spurious Volatility in Historical Unemployment Data," JPE 1986.
3. DeLong, "America's Peacetime Inflation," 1997.
4. Taylor, "Historical Analysis of Monetary Policy Rules," 1999.
5. Bordo and Eichengreen, "Bretton Woods and the Great Inflation," 2008.

2.11.4 The Great Moderation

1. McConnell and Perez-Quiros, "Output Fluctuations in the United States: What Has Changed since the Early 1980s?" AER 2000.
2. Stock and Watson, "Has the Business Cycle Changed and Why?" MA 2002.
3. Summers, "What Caused the Great Moderation?" FRBKC 2005.
4. Clark, "Is the Great Moderation Over," FRBKC 2009.
5. Gali, "On the Sources of the Great Moderation," AEJ Macro 2009.
6. Bean, "The Great Moderation, the Great Panic and the Great Contraction," 2009.

2.11.5 The Great Recession in the US and EU

See also the list on the liquidity trap.

1. Dominguez, "The ECB, the Euro, and Global Financial Markets," JEP 2006.
2. Obstfeld, "The Immoderate World Economy," JIMF 2010.
3. Gorton and Metric, "Getting Up to Speed on the Financial Crisis: A One-Weekend Reader's Guide," JEL 2010.
4. Shambaugh, "The Euro's Three Crises," BPEA 2012.
5. Eichengreen, "Economic History and Economic Policy," JEH 2012.
6. O'Rourke and Taylor, "Cross of Euros," JEP 2013.

2.11.6 Odds and Ends / History / History of Thought

1. Friedman, *Money Mischief*, 1994.
2. Blaug, *Economic Theory in Retrospect*, 1997.
3. Woodford, "Revolution and Evolution in Twentieth-Century Macroeconomics," 1999.
4. Woodford, "Convergence in Macroeconomics," 2008.
5. Eichengreen, *Globalizing Capital*, 2008.
6. Arnon, *Monetary Theory from Hume to Wicksell*, 2011.

2.12 Fiscal-Monetary Interactions

1. McCallum, “Price Level Determinacy with an Interest Rate Policy Rule and Rational Expectations,” JME 1981.
2. Obstfeld and Rogoff, “Speculative Hyperinflations in Maximizing Models: Can We Rule Them Out?” JPE 1983.
3. McCallum, “Some Issues Concerning Interest Rate Pegging, Price Level Determinacy, and the Real Bills Doctrine,” JME 1986.
4. Leeper, “Equilibria under ‘Active’ and ‘Passive’ Monetary and Fiscal Policies,” JME 1991.
5. Cochrane, “Money as Stock,” 1994 JME.
6. Canzoneri, et al, “Is the Price Level Determined by the Needs of Fiscal Solvency?” AER 2001.
7. Favero and Monacelli, “Monetary-Fiscal Mix and Inflation Performance: Evidence from the U.S.,” 2003.
8. Favero and Monacelli, “Fiscal Policy Rules and Regime (In)Stability: Evidence from the U.S.,” 2005.
9. Chung, Davig, and Leeper, “Monetary and Fiscal Policy Switching,” JMCB 2007.
10. Evans and Honkapohja, “Policy Interaction, Learning, And The Fiscal Theory Of Prices,” MD 2007.
11. Woodford, Michael, “Simple Analytics of the Government Expenditure Multiplier,” AEJ Macro 2011.
12. Christiano, Eichenbaum and Evans, “When is the Government Spending Multiplier Large,” JPE 2011.
13. Cochrane, “Determinacy and Identification with Taylor Rules,” JPE 2011. I know it’s buried deep in the reading list, but consider this starred reading once you’ve digested the New Keynesian literature.

2.13 Model Estimation and Advanced Macroeconometrics

1. Altug, "Time to Build and Aggregate Fluctuations: New Evidence," IER 1989.
2. Gali and Gertler, "Inflation Dynamics: A structural Econometric Analysis," JME 1999.
3. DeJong et al, "Keynesian Impulses versus Solow Residuals," Journal of Applied Econometrics 2000.
4. DeJong, "A Bayesian Approach to Dynamic Macroeconomics," Journal of Econometrics 2000.
5. Ireland, "A Method for Taking Models to the Data," JEDC 2004.
6. Christiano, Trabandt, and Walentin, "DSGE Models for Monetary Policy Analysis," 2010.
7. An and Schorfheide, "Bayesian Analysis of DSGE Models," Econometric Reviews 2007.
8. Canova and Sala, "Back to Square One: Identification Issues in DSGE Models," JME 2009.
9. del Negro and Schorfheide, "Forming Priors for DSGE Models," JME 2008.
10. Fernandez-Villaverde, "The Econometrics of DSGE Models," 2010.
11. Iskrev, "Local Identification in DSGE Models," JME 2010.
12. Guerron-Quintana, "What You Match Does Matter," Journal of Applied Econometrics 2010.
13. Schorfheide, "Estimation and Evaluation of DSGE Models: Progress and Challenges," 2011.
14. Komunjer and Ng, "Dynamic Identification of DSGE Models," ECTA 2011.
15. Iskrev and Portugal, "Evaluating the Strength of Identification in DSGE Models," 2012.
16. Syllabus for Advanced Macroeconomics: <http://www.socsci.uci.edu/~fmilani/econ263a.html>

3 People, Conferences, and Light Reading

3.1 Names to Keep an Eye On

3.1.1 PhD's since 1990

These are all tenured faculty at top-20 or so schools who received their PhD's in 1990 or after. They are the core researchers of our field. One cannot claim to understand the frontier of macroeconomics without knowing their collective work well. I list each individual's current affiliation. Credit to Narayana Kocherlakota for inspiring this list. Feel free to suggest additional names!

1. Daron Acemoglu, MIT. Growth, institutions, productivity, political economy.
2. George-Marios Angeletos, MIT. Financial markets, imperfect information, sunspots.
3. Ivan Werning, MIT. Optimal policy, New Keynesian models, monetary and fiscal policy.
4. David Laibson, Harvard. Savings, financial markets, nonrational expectations.
5. Casey Mulligan, Chicago. Macro-labor, taxation, public finance.
6. Robert Shimer, Chicago. Developed modern macro-labor.
7. Harald Uhlig, Chicago. Model solution methods, monetary and fiscal policy.
8. Fernando Alvarez, Chicago. Money demand, monetary factors in business cycles.
9. Esteban Rossi-Hansberg, Princeton. Growth, international trade and macro, endogenous entry.
10. Nick Bloom, Stanford. Uncertainty and the business cycle.
11. Pete Klenow, Stanford. Price-setting, price rigidity.
12. Monika Piazzesi, Stanford. Asset pricing.
13. Martin Schneider, Stanford. Uncertainty and the business cycle.
14. Pierre-Olivier Gourinchas, Berkeley. International macro and asset markets.
15. Eduardo Engel, Yale. Investment, capital adjustment costs, Latin American economics.
16. Mikhail Golosov, Yale. Optimal taxation, public finance.
17. Giuseppe Moscarini, Yale. Macro-labor.
18. Anthony Smith, Yale. Income inequality and business cycles.
19. Aleh Tsyvinski, Yale. Institutions and political economy.
20. Gita Gopinath, Princeton. Financial crises, international macro.
21. Mark Aguiar, Princeton. Financial crises, international macro.
22. Jesus Fernandez-Villaverde, Penn. Bayesian macroeconometrics, model estimation.
23. Dirk Kreuger, Penn. consumption, asset pricing, housing, inequality.
24. Frank Schorfheide, Penn. Bayesian macroeconometrics, model estimation.
25. Serena Ng, Columbia. Macroeconometrics, macro-finance.
26. Ricardo Reis, Columbia. Aggregate supply, central banking, price stickiness.
27. Xavier Sala-i-Martin, Columbia. growth.
28. Stephanie Schmitt-Grohe, Columbia. Model solutions, sources of fluctuations, international macro.
29. Martin Uribe, Columbia. Model solutions, sources of fluctuations, international macro.
30. Fabrizio Perri, Minnesota. Financial markets, international macro, inequality.
31. Christopher Phelan, Minnesota. Dynamic public finance.
32. Jose-Vctor Rios-Rull, Minnesota. DSGE modelling issues, optimal policy, heterogenous agents.
33. Ricardo Lagos, NYU. Money search models.
34. John Leahy, NYU. Aggregate supply, price stickiness, investment.
35. Sydney Ludvigson, NYU. Model estimation, shocks, consumption.

36. Giovanni Violante, NYU. Consumption, inequality, incomplete markets.
37. Christopher House, Michigan. Aggregate supply, price stickiness, investment.
38. Lutz Kilian, Michigan. SVAR models, energy shocks.
39. Dmitriy Stolyarov, Michigan. Macro-labor, inequality.
40. Linda Tesar, Michigan. International trade and macro.
41. Ariel Burstein, UCLA. International trade and macro.
42. Christian Hellwig, UCLA. Asset pricing, heterogenous agents, imperfect information.
43. Lee Ohanian, UCLA. Real business cycles.
44. Ananth Seshadri, Wisconsin. Labor supply, life-cycle issues, demographics.
45. Noah Williams, Wisconsin. Optimal monetary policy, imperfect information, learning.
46. Marco del Negro, NY Fed. Bayesian methods, monetary policy.
47. Marc Giannoni, NY Fed. Bayesian methods, monetary policy.
48. Juan Rubio-Ramirez, Duke. Model estimation techniques and Bayesian macroeconometrics.

Additional names appreciated. I'm missing virtually everyone in the Federal Reserve system, for one.

3.1.2 PhD's since 2004

Here are a few more scholars who received their PhD's in the past ten years (2004 or after). They are carving out the future research paths of the field. Again, I regret any omissions – feel free to suggest additional names!

1. Alejandro Justiniano (PhD: Princeton 2004, current position: Chicago Fed). Investment shocks.
2. Giorgio Primiceri (PhD: Princeton 2004, current position: Northwestern). Investment shocks.
3. Andrea Tambalotti (PhD: Princeton 2004, current position: NY Fed). Investment shocks. JPT coauthor heavily.
4. Gauti Eggertsson (PhD: Princeton 2004, current position: Brown). International macro, monetary economics.
5. Florin Bilbiie (PhD: EUI 2004, current position: Paris). International trade and macro.
6. Emmanuel Farhi (PhD: MIT 2006, current position: Harvard). NK macro. Coauthors with Werning
7. Kevin Sheedy (PhD: Cambridge 2007, current position: LSE). Monetary policy, NGDP targeting, debt.
8. Oliver Coibion (PhD: Michigan 2007, current position: UT-Austin). Monetary economics, aggregate supply, survey data. Coauthors with Gorodnichenko.
9. Yuriy Gorodnichenko (PhD: Michigan 2007, current position: Berkeley). Monetary economics, aggregate supply, survey data. Coauthors with Coibion.
10. Emi Nakamura (PhD: Harvard 2007, current position: Columbia). Price stickiness, international macro, fiscal policy in monetary unions. Coauthors with Steinsson.
11. Jon Steinsson (PhD: Harvard 2007, current position: Columbia). Price stickiness, international macro, fiscal policy in monetary unions. Coauthors with Nakamura.
12. Greg Kaplan (PhD: NYU 2009, current position: Princeton). Consumption, fiscal policy.
13. Oleg Itskhoki (PhD: Harvard 2009, current position: Princeton). International trade and macro.
14. Eric Sims (PhD: Michigan 2009, current position: Notre Dame). News, uncertainty and the cycle.
15. Alp Simsek (PhD: MIT 2010, current position: MIT). Finance, macro, economic theory.
16. Floran Scheuer (PhD: MIT 2010, current position: Stanford). Public finance and macro.
17. Benjamin Moll (PhD: Chicago 2010, current position: Princeton). Capital allocation and growth.
18. Pablo Kurlat (PhD: MIT 2010, current position: Stanford). Financial markets and imperfect info.
19. Jing Cynthia Wu (PhD: UCSD 2011, current position: Chicago Booth), empirical finance.
20. Joseph Vavra (PhD: Yale 2012, current position: Chicago Booth). Aggregate supply, price stickiness.
21. Marco di Maggio (PhD: MIT 2013, current position: Columbia Business). Finance and macro.

Additional names appreciated. I'm repeating myself, but I cannot stress it enough!

3.1.3 Some Promising Directions

1. When the Real Business Cycle revolution took hold in the 1980s, it brought an empirical methodology of *calibration*: choosing the parameters of our models by appealing to long-run facts, steady-state relationships, and micro-evidence. With the rise of computational power and the adoption of Bayesian econometrics, modern models can be *estimated* via maximum likelihood or Bayesian methods. An important, highly technical research program investigates the identification and estimation of medium-scale macro models.
2. Bayesian methods are also shedding new light on the problem of estimating and forecasting macro unobservables, most importantly the natural rate of interest and the output gap.
3. Rational expectations has been a major point of contention since its introduction to macroeconomics in 1972. Departures from FIRE (full-information, rational expectations) investigate the role of dispersed information, parameter uncertainty, learning, and policymaking in uncertain environments.
4. Turning to the recent recession: “Old” policy-oriented macroeconomics analyzed pre-1984 to post-1984 and tried to locate the sources and consequences of the Great Moderation. It focused on the conduct of monetary policy within an inflation-targeting framework. “New” policy-oriented macroeconomics analyzes pre-2007 to post-2007 and tries to locate the sources and consequences of the Great Recession. It focuses on the conduct of fiscal and monetary policy within a financial-frictions framework, blending traditional inflation targeting and macro-prudential policy.
5. Again with reference to the recession: research on fiscal policy was quite dormant during the Great Moderation, reflecting the profession’s intense focus on the design and implementation of monetary policy. With the onset of the Great Recession, research on the effects of fiscal expansion has again taken a central role in the literature.
6. The Great Recession has also spurred research on three interrelated problems in monetary policy: the zero lower bound on interest rates, the efficacy of forward guidance, and the impact of large-scale asset purchases. The ZLB and forward guidance are largely being tackled by traditional macro researchers wielding dynamic general equilibrium models while the effects of QE are being mostly analyzed by financial economists who investigate the effects of QE on the yield curve. Macrofinance researchers (Gertler, Kiyotaki, Karadi) are integrating quantitative easing into DSGE models, but it is rough slogging.
7. Empirical work has delved more deeply into microdata, and modern research on investment, credit, consumption, price-setting, and interest rates often draws from rich cross-section and panel datasets, on new sources of real-time data, and on high-frequency data from financial markets.
8. Turning to Europe, fiscal and monetary policy in currency unions has become an important research topic. Similarly, sovereign debt crises are again at the top of the agenda.

3.2 Selection of Macro Conferences and Working Paper Series

1. NBER conference page: <http://nber.org/~confer>
2. NBER, Economic Fluctuations and Growth: <http://www.nber.org/programs/efg/efg.html>
3. NBER, Monetary Economics: <http://www.nber.org/programs/me/me.html>
4. NBER, International Finance and Macroeconomics: <http://www.nber.org/programs/ifm/ifm.html>
5. New Economics Papers, Dynamic General Equilibrium: <http://ideas.repec.org/n/nep-dge/>
6. CESifo: <http://www.cesifo-group.de/ifoHome/publications/working-papers/CESifoWP.html>
7. CEPR working papers: <http://www.cepr.org/content/discussion-papers>
8. Federal Reserve Working Papers
 - (a) FRB, Finance: <http://www.federalreserve.gov/pubs/feds/2013/index.html>
 - (b) FRB, Intl Econ: <http://www.federalreserve.gov/pubs/ifdp/2013/default.htm>
 - (c) Chicago: <http://www.chicagofed.org/webpages/research/papers/>
 - (d) New York: http://www.newyorkfed.org/research/staff_reports/
 - (e) Richmond: http://www.richmondfed.org/publications/research/working_papers/
 - (f) Boston: <http://www.bostonfed.org/economic/wp/>
 - (g) Dallas: <http://www.dallasfed.org/research/papers/>
 - (h) Minneapolis: http://www.minneapolisfed.org/publications_papers/wp/
 - (i) San Francisco: <http://www.frbsf.org/economic-research/publications/working-papers/>
 - (j) Kansas City: <http://www.kansascityfed.org/publications/research/erp/>
 - (k) St. Louis: <http://research.stlouisfed.org/wp/>
 - (l) Atlanta: <http://www.frbatlanta.org/pubs/wp/>
 - (m) Cleveland: http://www.clevelandfed.org/research/research_publication.cfm?id=35
 - (n) Philadelphia: <http://www.philadelphiafed.org/research-and-data/publications/working-papers/>
9. European central banks
 - (a) Bank of England WP: <http://www.bankofengland.co.uk/RESEARCH/Pages/workingpapers/default.aspx>
 - (b) ECB WP: <http://www.ecb.europa.eu/pub/research/working-papers/html/index.en.html>
 - (c) Bundesbank WP: http://www.bundesbank.de/Navigation/EN/Publications/Discussion_papers/discussion_papers.html
 - (d) Norgesbank WP: <http://www.norges-bank.no/en/Published/Papers/Working-Papers/>
 - (e) Sveriges Riksbank WP: <http://ideas.repec.org/s/hhs/rbnkwp.html>
10. NBER Summer Institute
11. Midwest Macro meetings
12. SED meetings
13. Spend a few days just browsing:
 - (a) Chris Sims' website: <http://www.princeton.edu/~sims/>
 - (b) Lars Svensson's website: <http://larseosvensson.se/>

3.3 Every Macro Nobel Speech

These are basically all of the macro Nobel speeches, along with a few in macro-econometrics. most, if not all, are published one year later in leading journals, such as the QJE, JPE, and AER.

1. Tinbergen, "The Use of Models: Experience and Prospects," 1969.
2. Samuelson, "Maximum Principles in Analytical Economics," 1970.
3. Kuznets, "Modern Economic Growth: Findings and Reflections," 1971.
4. Hicks, "The Mainspring of Economic Growth," 1972.
5. Hayek, "The Pretence of Knowledge," 1974.
6. Koopmans, "Concepts of Optimality and Their Uses," 1975.
7. Friedman, "Inflation and Unemployment," 1976. Self-recommending.
8. Meade, "The Meaning of 'Internal Balance'," 1977. Notable for discussing nominal GDP targeting.
9. Klein, "Some Economic Scenarios for the 1980's," 1980.
10. Tobin, "Money and Finance in the Macro-Economic Process," 1981.
11. Modigliani, "Life Cycle, Individual Thrift and the Wealth of Nations," 1985.
12. Solow, "Growth Theory and After," 1987. Self-recommending.
13. Haavelmo, "Econometrics and the Welfare State," 1989.
14. Lucas, "Monetary Neutrality," 1995. Self-recommending.
15. Mundell, "A Reconsideration of the Twentieth Century," 1999.
16. Engle, "Risk and Volatility: Econometric Models and Financial Practice," 2003.
17. Granger, "Time Series Analysis, Cointegration, and Applications," 2003.
18. Kydland, "Quantitative Aggregate Theory," 2004.
19. Prescott, "The Transformation of Macroeconomic Policy and Research," 2004.
20. Phelps, "Macroeconomics for a Modern Economy," 2006.
21. Diamond, "Unemployment, Vacancies, Wages," 2010. Three lectures on macro-labor.
22. Mortensen, "Markets with Search Frictions and the DMP Model," 2010.
23. Pissarides, "Equilibrium in the Labour Market with Search Frictions," 2010.
24. Sargent, "United States Then, Europe Now," 2011.
25. Sims, "Statistical Modeling of Monetary Policy and its Effects," 2011.
26. Fama, "Trendspotting in Asset Markets," 2013.
27. Shiller, "Speculative Asset Prices," 2013.
28. Hansen, "Uncertainty Outside and Inside Economic Models," 2013.

3.4 Every JEP Symposium in Macro

1. Summer 1988: Lessons from the 1980s
2. Autumn 1988: The TFP Slowdown
3. Spring 1989: Budget Deficits
4. Summer 1989: RBC Symposium
5. Spring 1990: Bubbles
6. Autumn 1991: Post-Soviet Transitions
7. Winter 1992: Tax Reform in 1986
8. Winter 1992: Trade Liberalization and Development
9. Winter 1993: Keynesian Economics Today
10. Spring 1993: The Great Depression
11. Winter 1994: New Growth Theory
12. Summer 1994: Health Care Reform
13. Summer 1995: Consumption Smoothing in Developing Countries
14. Autumn 1995: The Monetary Transmission Mechanism
15. Winter 1996: Calibration
16. Spring 1996: Transition from Socialism
17. Summer 1996: The CEA
18. Summer 1996: Social Security
19. Autumn 1996: Government incentives for saving
20. Winter 1997: The NAIRU
21. Spring 1997: The Wage distribution
22. Spring 1997: Inflation targeting article
23. Summer 1997: The world income distribution
24. Summer 1997: European unemployment
25. Autumn 1997: The EMU; Fiscal Federalism; Austrian Economics
26. Winter 1998: The CPI
27. Winter 1998: Measuring Poverty
28. Spring 1998: article on macro forecasting; article on real wages
29. Summer 1998: Sulphur Dioxide Trading Markets
30. Summer 1998: Deregulation
31. Autumn 1998: Globalization
32. Spring 1999: Business Cycles
33. Summer 1999: Africa
34. Summer 1999: The PhD Job Market in Economics
35. Autumn 1999: Global Financial Instability; many good articles
36. Winter 2000: Long-run trends (three good symposia)
37. Spring 2000: Medicare; great article on intermediate macro by Romer
38. Summer 2000: Fiscal Policy
39. Autumn 2000: Computers and Productivity
40. Winter 2001: NAFTA
41. Summer 2001: Consumption
42. Autumn 2001: Econometrics (entire issue; worth perusing)

43. Spring 2001: Evolutionary Economics
44. Summer 2002: Dynamic Income Inequality
45. Autumn 2002: NAIRU article
46. Winter 2003: The CPI
47. Winter 2003: Financial Market Efficiency
48. Summer 2003: Global Income Distribution; good article on NIT
49. Autumn 2003: International Finance; Svensson's "Foolproof Way" article
50. Spring 2004: Futures Markets
51. Summer 2004: CAPM; good articles throughout
52. Autumn 2004: The EU; oil paper; labor elasticity paper
53. Winter 2005: Economics and Sociology
54. Winter 2005: Russia
55. Spring 2005: Social Security reform
56. Autumn 2005: Housing Markets; Friedman article
57. Winter 2006: Poverty; article on Roman econ
58. Summer 2006: Labor markets
59. Autumn 2006: Modern Macroeconomics
60. Autumn 2006: The EU
61. Winter 2007: Tax Policy in International Perspective
62. Spring 2007: Behavioral Finance
63. Summer 2007: Savings
64. Autumn 2007: Monetary Policy
65. Winter 2008: TFP
66. Spring 2008: Development
67. Summer 2008: article on uncertainty in macro modelling
68. Autumn 2008: Health care; article on OLG
69. Winter 2009: The Credit Crunch
70. Spring 2009: Climate change
71. Autumn 2009: Mankiw optimal tax article
72. Winter 2010: financial crisis
73. Spring 2010: Econometrics and identification
74. Autumn 2010: Macro after the crisis
75. Winter 2011: financial crisis and regulation
76. Spring 2011: Migration
77. Autumn 2011: Saez optimal tax article
78. Winter 2012: Energy
79. Summer 2012: labor markets; government debt; article on deleveraging in US and JPY
80. Autumn 2012: China
81. Winter 2013: Pollution trading markets
82. Spring 2013: the size of the financial sector
83. Summer 2013: the income distribution, top end
84. Summer 2013: The EU and the Euro

4 Textbooks

4.1 Useful Undergraduate Texts

Williamson is the most useful intermediate theory book. McCandless with Wallace is worth reading carefully; do the exercises. Similarly, it is useful to sink a month or two worth of effort into Champ's book. I haven't read *The ABC's* but some of my colleagues found it a useful transition book. Mishkin is the standard undergraduate field text in money and banking.

1. Williamson, *Macroeconomics*, 2013.
2. McCandless with Wallace, *Introduction to Dynamic Macroeconomic Theory*, 1992.
3. Mishkin, *The Economics of Money, Banking, and Financial Markets*, 7th ed. 2004, or later ed.
4. Champ, *Modelling Monetary Economics*, 2011.
5. McCandless, *The ABCs of RBCs*, 2008.

4.2 Introductory Graduate Texts

Sargent's two books are older and could probably be skipped, but are included for completeness' sake. Blanchard-Fischer is a classic saltwater textbook. Romer is an advanced undergraduate text; nevertheless you should read it carefully. Adda and Cooper is a good introduction to dynamic macroeconomics. Wickens is a nice complement to the others and has a lovely introduction. I've not read Farmer or Azariadis but some find them useful.

1. Sargent, *Macroeconomic Theory*, 1977.
2. Sargent, *Dynamic Macroeconomic Theory*, 1987.
3. Blanchard and Fischer, *Lectures in Macroeconomics*, 1989.
4. Azariadis, *Intertemporal Macroeconomics*, 1992.
5. Romer, *Advanced Macroeconomics*, 1996.
6. Farmer, *The Macroeconomics of Self-Fulfilling Prophecies*, 1999.
7. Adda and Cooper, *Dynamic Economics*, 2003.
8. Wickens, *Macroeconomic Theory*, 2012.

4.3 Core Graduate Texts

SLP is the "Old Testament" and SL is the "New Testament" of recursive methods. Cooley is a collection of interesting papers and is the first RBC textbook. The solution methods mentioned in Cooley are now deprecated; the topics covered are not.

1. Cooley, *Frontiers of Business Cycle Theory*, 1995.
2. Stokey, Lucas, and Prescott, *Recursive Methods in Economic Dynamics*, 1989.
3. Sargent and Ljungqvist, *Recursive Macroeconomic Theory*, 3rd edition, 2013.

4.4 Monetary Economics

You should own all three of these. Woodford, chapters 1-5 are about as mandatory as you can get. Walsh has a broad coverage of topics. Gali is laser-focused on the basic model and is excellent as a reference.

1. Woodford, *Interest and Prices*, 2003.
2. Walsh, *Monetary Theory and Policy*, 2010.
3. Gali, *Monetary Policy, Inflation, and the Business Cycle*, 2008.

4.5 Economic Growth

Acemoglu is large and comprehensive. Barro teaches you the main points. Aghion and Howitt have two books on topics in growth and international trade.

1. Barro and Sala-i-Martin, *Economic Growth*, 2003.
2. Acemoglu, *Introduction to Modern Economic Growth*, 2010.
3. Aghion and Howitt, *Endogenous Growth Theory*, 1999.
4. Aghion and Howitt, *The Economics of Growth*, 2008.

4.6 Time-Series Econometrics

Hayashi is the most macro-focused of the first-year econometrics textbooks. Greene is a reference. Hamilton is the Bible of time-series, while Lutkepohl will teach you VARs. Enders is a nice supplement for light reading.

1. Greene, *Econometric Analysis*, 1999
2. Hayashi, *Econometrics*, 2000.
3. Hamilton, *Time Series Analysis*, 1994.
4. Enders, *Applied Econometric Time Series*, 2009.
5. Lutkepohl, *New Introduction to Multiple Time Series*, 2005.

4.7 Advanced Macroeconometrics

You need to own both of these.

1. Canova, *Methods for Applied Macroeconomic Research*, 2007.
2. Dejong and Dave, *Structural Macroeconometrics*, 2011.

4.8 Topics

1. Diamond, *On Time*, 1994.
2. Judd, *Numerical Methods in Economics*, 1998.
3. Weitzman, *Income, Wealth, and the Maximum Principle*, 2003.
4. Heer and Maussner, *Dynamic Equilibrium Modelling*, 2009.
5. Deaton, *Understanding Consumption*, 1992.
6. Obstfeld and Rogoff, *Foundations of International Macroeconomics*, 1995.
7. Evnas and Honkapohja, *Learning and Expectations in Macroeconomics*, 2001.
8. Cochrane, *Asset Pricing*, 2000.
9. Pissarides, *Equilibrium Unemployment Theory*, 2000.
10. Shimer, *Labor Markets and Business Cycles*, 2010.
11. Sargent and Hansen, *Recursive Models of Dynamic Linear Economies*, 2013.
12. Schmitt-Grohe and Uribe, *Open Economy Macroeconomics*, manuscript dated 2014. <http://www.columbia.edu/~mu2166/book/oem.pdf>.
13. Handbook of Macroeconomics, 1999. You should be familiar with pretty much every paper.
14. Handbook of Monetary Economics, 2011. You should be familiar with pretty much every paper.

4.9 Further Reading / Collections of Papers

1. Friedman, *Essays in Positive Economics*, 1953. This volume collects Friedman's most important work from 1945 to the early 1950s.
2. Friedman, *A Monetary History of the United States*, 1962. This is the monumental empirical-historical work of American economic history.
3. Phelps, ed, *Microeconomic Foundations of Employment and Inflation Theory*, 1970. This is a collection of original papers in what would later become the New Classical tradition.
 - Alchian, "Information Costs, Pricing, and Resource Unemployment." Also in *Economic Inquiry* 1969.
 - Holt, "Job Search, Phillips' Wage Relation, and Union Influence."
 - Phelps, "Money Wage Dynamics and Labor Market Equilibrium."
 - Mortensen, "A Theory of Wage and Employment Dynamics."
 - Archibald, "The Structure of Excess Demand for Labor."
 - Holt, "How Can the Phillips Curve be Moved to Reduce both Inflation and Unemployment?"
 - Lucas and Rapping, "Real Wages, Employment, and Inflation." Also in *JPE* 1969.
 - Phelps and Winter, "Optimal Price Policy Under Atomistic Competition."
 - Gould, "Diffusion Processes and Optimal Advertising Policy."
 - Gordon and Hynes, "On the Theory of Price Dynamics."
 - Nichols, "Market Clearing for Heterogenous Capital Goods."
 - Taubman and Wilkinson, "User Cost, Output, and Unexpected Price Changes."
4. Tobin, *Asset Accumulation and Economic Activity*, 1976. This is Tobin's Yrjo Jahnsson lecture.
5. Lucas, *Studies in Business Cycle Theory*, 1981. This volume collects Lucas' most important papers from 1969 to about 1980.
6. Lucas and Sargent, *Rational Expectations and Econometric Practice*, Volumes 1 and 2, 1981. Useful to have on the shelf as a reference. These volumes collect many classic papers from 1965-1980.
7. Lucas, *Models of Business Cycles*, 1987. This is Lucas' Yrjo Jahnsson lecture and serves as an introductory graduate macro course. Many of the issues he discussed in 1987 remain important and open research questions in 2014.
8. Ball and Mankiw, *New Keynesian Economics*, Volumes I and II, 1991.
9. Cooley, *Frontiers of Business Cycle Research*, 1995. This is a collection of original papers in real business cycle theory and serves as a *de facto* textbook on the RBC methodology and research agenda as of the mid-1990s.
10. Hartley, Hoover, and Salyer, *Real Business Cycles: A Reader*, 1998. Collects a slew of important papers in the RBC tradition.
11. Lucas, *Collected Papers on Monetary Theory*, 2013. I suppose he needed another collection of papers.