Part 1: Monetary Policy, Inflation, and the Business Cycle

The lectures will provide an overview of the recent literature on dynamic optimizing models with nominal rigidities and their implications for the design of monetary policy. Lecture notes will be handed out during the course. A list of topics to be covered and reading list with some of the key articles is provided below.

**Motivation and Evidence**
Beyond RBC Theory. Long Run Evidence. Reduced Form Evidence. The Effects of Monetary Policy Shocks.


A Simple Framework for Monetary Policy Analysis


Flexible Prices


A Baseline Sticky Price Model


Policy, Princeton University Press, chapter 4.


Monetary Policy Design in the Baseline Model


Extensions of the Baseline Model and their Implications for Monetary Policy


Blanchard, Olivier J. and Jordi Gali (2005): “Real Wage Rigidities and the Nw Keynesian Model” mimeo.


Monetary Policy in the Open Economy


707-734.


**Monetary and Fiscal Policy Interactions**


