

Economics 661, Fall 2022

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This course will cover four topics. In each section I have listed some papers but I haven't quite decided which ones we are going to cover in detail. There will be problem sets plus an exam at the end.

Inflation

- Marvin Goodfriend and Robert G. King. The incredible volcker disinflation. *Journal of Monetary Economics*, 52(5):981 – 1015, 2005
- Thomas J Sargent. The ends of four big inflations. In *Inflation: Causes and effects*, pages 41–98. University of Chicago Press, 1982
- Yang K Lu, Robert G King, and Ernesto Pasten. Optimal reputation building in the new keynesian model. *Journal of Monetary Economics*, 84:233–249, 2016
- Ivan Werning. Managing a liquidity trap: Monetary and fiscal policy. August 2011. NBER Working paper 17344
- Marco Del Negro, Marc P Giannoni, and Christina Patterson. The forward guidance puzzle. *FRB of New York Staff Report*, (574), 2012
- Alisdair McKay, Emi Nakamura, and Jón Steinsson. The power of

forward guidance revisited. *American Economic Review*, 106(10):3133–58, October 2016

- George-Marios Angeletos and Chen Lian. Forward guidance without common knowledge. *American Economic Review*, 108(9):2477–2512, September 2018
- Olivier Coibion, Yuriy Gorodnichenko, Saten Kumar, and Mathieu Pedemonte. Inflation expectations as a policy tool? *Journal of International Economics*, 124:103297, 2020

Aggregates and Cross-Sections

- Atif Mian and Amir Sufi. What explains the 2007–2009 drop in employment? *Econometrica*, 82(6):2197–2223, 2014
- David H. Autor, David Dorn, and Gordon H. Hanson. The china syndrome: Local labor market effects of import competition in the united states. *American Economic Review*, 103(6):2121–68, October 2013
- Emi Nakamura and Jón Steinsson. Fiscal stimulus in a monetary union: Evidence from us regions. *American Economic Review*, 104(3):753–92, March 2014
- Christian K. Wolf. The missing intercept: A demand equivalence approach. Princeton University Working Paper
- David H. Autor, David Dorn, and Gordon H. Hanson. The china syndrome: Local labor market effects of import competition in the united states. *American Economic Review*, 103(6):2121–68, October 2013

- Paul Goldsmith-Pinkham, Isaac Sorkin, and Henry Swift. Bartik instruments: What, when, why, and how. 2018. NBER Working Paper
- Rodrigo Adão, Michal Kolesár, and Eduardo Morales. Shift-Share Designs: Theory and Inference*. *The Quarterly Journal of Economics*, 134(4):1949–2010, 08 2019

Banking

- Douglas W. Diamond and Philip H. Dybvig. Bank runs, deposit insurance, and liquidity. *Journal of Political Economy*, 91(3):401–419, June 1983
- Charles J. Jacklin. Demand deposits, trading restrictions, and risk sharing. In Edward C. Prescott and Neil Wallace, editors, *Contractual arrangements for intertemporal trade*, pages 26–47. University of Minnesota Press, 1987
- Franklin Allen and Douglas Gale. Optimal financial crises. *Journal of Finance*, 53(4):1245–1284, 08 1998
- Douglas W. Diamond and Raghuram G. Rajan. Liquidity risk, liquidity creation, and financial fragility: A theory of banking. *The journal of political economy*, 109:287–327, 2001
- Douglas W. Diamond. Financial intermediation and delegated monitoring. *The Review of Economic Studies*, 51(3):393–414, 1984
- Anil K. Kashyap, Raghuram Rajan, and Jeremy C. Stein. Banks as liquidity providers: An explanation for the coexistence of lending and deposit-taking. *Journal of Finance*, 57(1):33–73, 02 2002

- Bengt Holmström and Jean Tirole. Financial intermediation, loanable funds, and the real sector. *Quarterly Journal of Economics*, 112(3):663–691, August 1997
- Jason Roderick Donaldson, Giorgia Piacentino, and Anjan Thakor. Warehouse banking. *Journal of Financial Economics*, 129(2):250 – 267, 2018
- Tri Vi Dang, Gary Gorton, Bengt Holmström, and Guillermo Ordoñez. Banks as secret keepers. *American Economic Review*, 107(4):1005–29, April 2017
- Itamar Drechsler, Alexi Savov, and Philipp Schnabl. The deposits channel of monetary policy. *The Quarterly Journal of Economics*, 132(4):1819–1876, 2017
- Itamar Drechsler, Alexi Savov, and Philipp Schnabl. Banking on deposits: Maturity transformation without interest rate risk. 2017. Working paper, NYU
- Juliane Begenau, Monika Piazzesi, and Martin Schneider. Banks’ risk exposures. *Stanford University Working Paper*, 2013
- Sebastian Di Tella and Pablo Kurlat. Why are banks exposed to monetary policy? 2017. Stanford University Working Paper
- Pablo Kurlat. Deposit spreads and the welfare cost of inflation. *Journal of Monetary Economics*, 2019
- Juliane Begenau. Capital requirements, risk choice, and liquidity provision in a business cycle model. *Journal of Financial Economics*, 2019

- V. V. Chari and Patrick J. Kehoe. Bailouts, time inconsistency, and optimal regulation: A macroeconomic view. *American Economic Review*, 106(9):2458–93, September 2016

Market Power

- Jan De Loecker, Jan Eeckhout, and Gabriel Unger. The rise of market power and the macroeconomic implications. 2018. UCL Working paper
- Jan De Loecker and Jan Eeckhout. Some thoughts on the debate about (aggregate) markup measurement. 2018. UCL Working paper
- Chris Edmond, Virgiliu Midrigan, and Daniel Yi Xu. How costly are markups? July 2018. NBER Working Paper 24800
- Simcha Barkai. Declining labor and capital shares. *London Business School Working Paper*, 2017
- Emmanuel Farhi and Francis Gourio. Accounting for macro-finance trends: Market power, intangibles, and risk premia. *Brookings Papers on Economic Activity*, 2019