

Advanced Topics in Monetary and Fiscal Policies

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March 2024

Objective of the course

This is a class on fiscal and monetary policy where we focus on the interaction between fiscal and monetary policies, and between these policies and the private sector, in a general equilibrium framework.

Evaluation

A paper presentation and a research proposal.

- The presentation should be of a paper related to the topics covered in the course, it should last 30 minutes, and the last 5 minutes should contain the student's critical view of the paper.
- The research proposal should also related to the topics covered in the course. It should be short (ideally around 4 pages), and contain:
 1. an introduction that details the research question and what motivates it;
 2. a short literature review that describes existing related work, and how the proposed research would contribute to it;
 3. a description of the proposed research: if empirical, some details about the data sources and the identification strategy; if theoretical or quantitative, some details about the model structure and the main mechanisms at play;
 4. a brief discussion of the expected results.

Detailed List of Topics

1. The consolidated government budget constraint, fiscal-monetary interactions and price level determination:
 - Slides on a simple two-period model of the FTPL with and without money

- Christiano and Fitzgerald (2000)
- Cochrane (2005)
- Aiyagari and Gertler (1985)
- Sargent and Wallace (1981)
- Sims (2013)

2. Some empirics

- Berndt et al. (2012)
- Bouscasse and Hong (2023)
- Barro and Bianchi (2023)
- Bianchi et al. (2023)

3. Fiscal-monetary interactions and the central bank balance sheet

- Bassetto and Messer (2013)
- Hall and Reis (2015)

4. Expectations, Coordination, Monetary Policy and Debt Crises

- Calvo (1988)
- Bassetto (2005)
- Galli (2021)
- Carlsson and van Damme (1993)
- Goldstein and Pauzner (2005)
- Morris and Shin (1998)
- Slides on global games
- Corsetti and Maćkowiak (2024)
- Corsetti and Dedola (2016)

5. Strategic models of fiscal-monetary interactions:

- Schreger et al. (2024)
- Camous and Matveev (2022)
- Guillaume Plantin and Barthelemy (2022)

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