Lawrence Christiano, Northwestern University

Monetary Policy: Theory and Practice

My objective in this course is to cover the basics of formulating, estimating and analyzing DSGE models for monetary policy. The course is structured for students with a wide range of backgrounds, including those with little previous exposure to the material and those who are actively engaged in research with DSGE models.

Monday: Formulating and Solving Models

Solving Dynamic Equilibrium Models by a Method of Undetermined Coefficients
Lawrence J. Christiano
Computational Economics; Oct 2002; 20, 1-2;

http://faculty.wcas.northwestern.edu/~lchrist/course/solving_handout.pdf

Tuesday: Optimal policy in monetary equilibrium business cycle models.

http://faculty.wcas.northwestern.edu/~lchrist/course/optimalpolicyhandout.pdf

Wednesday: Implications of the Zero Lower Bound on the Nominal Rate of Interest

When is the Government Spending Multiplier Large?
Lawrence Christiano, Martin Eichenbaum, and Sergio Rebelo
Northwestern University
September 2009

http://faculty.wcas.northwestern.edu/~lchrist/d16/d1609/ZeroLowerBoundhandout.pdf

Thursday: SVARS and the Current Consensus New Keynesian model.

Christiano, Eichenbaum, Evans : **Nominal Rigidities and the Dynamic Effects of a Shock to Monetary Policy, JPE 2005**

Pages 1-76 in http://faculty.wcas.northwestern.edu/~lchrist/course/lectureACELhandout.pdf

Friday: Incorporating Financial Frictions into a DSGE model.

Bernanke, Gertler, Gilchrist: The Financial Accelerator in a Quantitative Business Cycle Framework; Handbook of Macroeconomics ,1999

http://faculty.wcas.northwestern.edu/~lchrist/d16/d1609/presentation.pdf