

Economics 8020
Business Cycle Theory and Monetary and Fiscal Policy
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References:

I. Real Business Cycle Theory

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II. Sticky Price Models

- * Kimball, Miles. 1995. "The Quantitative Analytics of the Basic Neomonetarist Model," *Journal of Money, Credit and Banking* 27 (November), 1241-1277.
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- * Basu, Susanto, John Fernald and Miles Kimball. 2003. "Are Technology Improvements Contractionary?" I will e-mail this to you when the next version is ready.
- Cooper, Russell, and Andrew John. 1988. "Coordinating Coordination Failures in Keynesian Models," *Quarterly Journal of Economics* 103 (August), 441-463.

Ball, Laurence, and David Romer. 1990. "Real Rigidities and the Non-Neutrality of Money," *Review of Economics Studies* 57, 183–203.

* Kimball, Miles. 1995. "Quantitative Analytics of the Basic Neomonetarist Model," *Journal of Money, Credit, and Banking* 27 (November 1995, Part 2), 1242–1277. You might also want to take a look at the following comment by Michael Woodford.

Barsky, R., House, C. and Kimball, M., "Sticky-Price Models and Durable Goods" on Chris House's website.

* Basu, Susanto, and Miles Kimball. 2003. "Planning Costs and the Effects of Fiscal and Monetary Policy," unpublished manuscript. On my website.

* *Interest and Prices*, by Michael Woodford. This is a long and sometimes technical book. I would like you to concentrate on getting an overview by reading the entire book without getting hung up on any one part. Concentrate on the intuitive economic meaning of each passage. This book can serve as an excellent reference for you in the future *if you read it carefully to know what material is contained in it*. You will see in class the somewhat different angle I take on many of the things covered in this book.

III. Applications

Barsky, B., Juster, F. T., Kimball, M. and Shapiro, M., 1997: "Preference Parameters and Behavioral Heterogeneity: An Experimental Approach in the Health and Retirement Study," *Quarterly Journal of Economics* (May), 537–579.

Kimball, M. and Matthew Shapiro, "Labor Supply: Are the Income and Substitution Effects Both Large or Both Small?"

Chetty, Raj. August, 2004. "Labor Supply and Risk Aversion: A Calibration Theorem." Berkeley and NBER. I will e-mail this paper to you.

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