Course Description

This is an advanced PhD course; as such there is an emphasis on developing analytical tools and on presenting research at the frontier that will help you select thesis topics. This part of the course will focus on explaining one key macro variable: inflation. We will cover different modern theories of the determination of the price level, as well as some of the empirical evidence against which to judge these theories.

There is no textbook for the course, since we will be focusing mostly on journal articles. Good reference books on the materials that we will cover are:


Course Requirements

The assessment in this class will consist of one take-home exam.

Course Outline and Readings

Class 1 – Facts on Inflation, Money, and Output

Required readings:


Other readings:


Class 2 – Flexible Price Models of Inflation

Required readings:

Other readings:
• Woodford (2003) Interest and Prices, Chapter 2.

Class 3 – Foundations of New Keynesian Macroeconomics

Required readings:

Other readings:
• Mankiw and Romer (1991) New Keynesian Economics, volumes 1 and 2, MIT Press

Class 4 – Dynamic Price Adjustment: Sticky Price Model

Required readings:


Other readings:


Class 5 – Inattentiveness

Required readings:

Other readings:

Class 6 – Dynamic Price Adjustment: the Sticky Information Model

Required readings:

Other readings: