**Instructor:** Francesco Bianchi, Social Sciences 213B, email: francesco.bianchi@duke.edu

**Time and Location:** Monday and Wednesday, 10:05 AM-11:20 AM, Social Sciences 111.

**Office Hours:** by appointment.

**Description of the Course:** In the second half of Macroeconomic Analysis II, we will cover New-Keynesian models and their use in the study of inflation and output dynamics. We will mainly focus on the theoretical aspects of these models, however some computational work will be required when studying the problem of determinacy in Rational Expectations models.

**Grading:** The first part of the course has been taught by Professor Burnside. There will be one exam for this part of the course. The grading weights for this part of the course will mirror the ones used by Professor Lanteri: 85% exam, 15% problem sets. Assignments will be given out approximately weekly during the course.

**Readings:**
- Monetary Policy, Inflation, and the Business Cycle (Gali 2008)
- Interest and Prices (Woodford 2003)
- Foundations of International Macroeconomics (Obstfeld and Rogoff 1996)

**Schedule**
- Classical Monetary Model (Gali, chapter 2)
- Cagan Model (Notes and Obstfels and Rogoff*)
- A standard New-Keynesian Model (Gali, chapter 3)
- Aggregate supply (slides, Mankiw and Reis (2002)*, Sims (2006)*, Sims (2003)*)
- Monetary policy in the New-Keynesian Model (Notes, Gali chapter 5, Persson and Tabellini, chapter 15, sections 1-4)
- Commitment in a timeless prospective (Notes and Woodford chapter 7*)

* These readings are not strictly required for the exam. However, you should refer to them if you feel that the notes and the other readings are not enough.

**References**


