

Essays suggestions for Applied Macroeconomics Fall 2008

Bengt Assarsson 2008-09-09 1st edition

1. Are prices sticky? Do sticky prices matter?

- a. Summary of empirical results
- b. Sticky prices as external effects

2. New Keynesian Phillips Curve

- a. Are expectations forward or backward looking or both?
- b. How to estimate the gap in the new Keynesian Phillips curve
- c. How to measure marginal cost in the new Keynesian Phillips curve

3. Monetary policy problems in the new Keynesian model

- a. What measure of inflation should be used as inflation target?
- b. What is the optimal inflation target?
- c. How should an inflation targeting central bank target real variables (flexible inflation targeting)?
- d. Some problems with estimated Taylor rules