Seminar, Financial Frictions

Goethe University Frankfurt

Department of Money and Macroeconomics

Winter Semester 2011-2012

Time and location: Thursday, HoF 2.45 Boston, 16:00

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- Course language: English

1 Course Description

This is a seminar/reading group style course designed for PhD students in their second year or above. We will meet every other week and discuss selected papers to be presented by one of the students. The students will be required to write a referee report on the paper/s they present and a summary on each other paper that will be presented in the seminar.

2 Preliminary course schedule

2.1 Private Information, Costly Monitoring

Introducing costly monitoring ideas (Townsend, 1979) into general equilibrium models.


2. Approximately 1 session, one of: Bernanke, Gertler (1989) or Bernanke, Gertler (1990), Bernanke, Gertler and Gilchrist (1999). This is a version with nominal frictions. A classic paper.
2.2 Credit constraints, collateral constraints

1. Approximately 1 session:
   - DSGE style application Liu, Wang and Zha (2010).

2. Approximately 1 session (papers will need to be selected):
   - Gilchrist, Yankov and Zakrasjek (2009a), Gilchrist, Yankov and Zakrasjek (2009b)
   - Mueller (2009), Gomes and Schmid (2009), De Fiore and Tristani (2009)

3. Other possible papers:
   - Cooley, Marimon and Quadrini (2004)

2.3 Financial Frictions Without Explicit Microfoundations


2.4 Liquidity and Banks

These will be approximately 2 sessions.


3. Adrian, Moench and Shin (2010) or other empirical papers from Adrian and Shin.

2.5 Financial Frictions and Labor Markets

We will see if we get this far. In any case, we would like to continue with this topic next semester.

   - Christiano, Eichenbaum, Trabandt (2010)
   - Jermann, Quadrini (2011)
   - Monacelli, Quadrini, Trigari (2011)
References


[9] De Fiore and Tristani (2009), Optimal monetary policy in a model of the credit channel


[12] Diamond, Rajan (2008), Illiquidity and Interest Rate Policy, now a 2009 NBER WP


[26] Mueller (2009), Analysis of the term structure of corporate credit spreads: Credit Spreads and Real Activity

[27] Townsend (1979) ”Optimal contracts and competitive markets with costly state verification,” JET.

Other possibly interesting papers:
