

# Barcelona Macroeconomics Summer School

## BMSS2006

### Credibility and Learning with Applications to Economic Policy: Why should Macroeconomists Learn Learning?

Ramon Marimon

June 26 – 30, 2006  
14:30 - 16:30  
Jaume I Building 20-017  
Office Hours: 13:50 – 14:20 (20-212)

#### Syllabus

1. Rational expectations revisited. Beliefs, credibility, learning and reputation.
  - \*Sargent's *The Conquest of American Inflation* Chs. 2 & 3.
  - \*Ireland, Peter 2002. "‘Rules Rather Than Discretion’ After Twenty Five Years: What Have We Learned? What More Can We Learn?" *Macroeconomics Annual*.
  - Stokey, Nancy L. 2002. "‘Rules versus Discretion’ after Twenty-Five Years." *Macroeconomics Annual*.
  - Albanesi, S. V.V. Chari, and L.J. Christiano. 2003. "How Severe is the Time-Inconsistency Problem in Monetary Policy?," *Federal Reserve Bank of Minneapolis Quarterly Review*, 27,3, pp. 177-33.
2. From perceptions to realizations in economic theory and practice. Using learning for policy design.
  - \*Evans and Honkapohja' *Learning and Expectations in Macroeconomics* Ch. 1 & 2.
  - \*Sargent's *The Conquest of American Inflation* Ch. 5.
  - \*Evans, George and Seppo Honkapohja. 2005. "Policy Interaction, Expectations and the Liquidity Trap," *Review of Economic Dynamics*, 8, 303—323.
  - \*Bullard, James and Kaushik Mitra 2001. "Learning About Monetary Policy Rules" mimeo Federal Reserve Bank of St. Louis.

3. Evidence on macro expectations. How learning can help to better explain data. Learnable equilibria

Marimon, Ramon and Shyam Sunder. 1993, "Indeterminacy of Equilibria in a Hyperinflationary World: Experimental Evidence," *Econometrica*, 61, 1073-1107. 1993.

Evans, George W., Seppo Honkapohja and Ramon Marimon. 2001. "Convergence in Monetary Inflation Models with Heterogeneous Learning Rules." *Macroeconomic Dynamics* 5,1, 1-31.

Mankiw, Gregory N., Ricardo Reis and Justin Wolfers. 2004. "Disagreement about Inflation Expectations," mimeo. Harvard University.

Caroll, Christopher D. 2003. "Macroeconomic expectations of households and professional forecasters ", *Quarterly Journal of Economics*, 118, 269-298.

Thomas, Lloyd B. 1999. "Survey Measures of Expected U.S. Inflation", *Journal of Economic Perspectives*, 13, 4.

Adam, Klaus, Albert Marcet and Juan Pablo Nicolini. 2006. "Stock Market Volatility and Learning" mimeo Universitat Pompeu Fabra- CREi.

4. The policy maker as a modeler: misspecified policies and self-confirming equilibrium.

\*Sargent's *The Conquest of American Inflation* Ch. 6 & 7

\*Marcet A. and J.P. Nicolini 2003. "Recurrent Hyperinflations and Learning", *American Economic Review*, 93, 5, 1476-1498.

Cogley, Timothy and Thomas J. Sargent. 2005. "The Conquest of U.S. Inflation: Learning and Robustness to Model Uncertainty," *Review of Economic Dynamics*, 8, 528—563.

Orphanides Athanasios and John C. Williams 2003. "Imperfect Knowledge, Inflation Expectations, and Monetary Policy" in Ben Bernanke and Michael Woodford, *Inflation Targeting*. Chicago, University of Chicago Press

Chris Sims 2003. "Implications of Rational Inattention," *Journal of Monetary Theory*, 50 (3).

5. Credibility, learning and delegation. Reassessing the EU policy framework

\*Chari, V.V. and Patrick J. Kehoe 2002. "Time Inconsistency and Free-Riding in a Monetary Union" Federal Reserve Bank of Minneapolis, Research Department Staff Report 308.

Chari, V.V., Larry Jones and Ramon Marimon. 1997. "The Economics of Split Voting in Representative Democracies." *American Economic Review*, 87, 957 – 976.

\*Chari, V.V., Larry Jones and Ramon Marimon. 2004. "Strategic Delegation in Monetary Unions," *The Manchester School*. v.72(s1) 19—33. 2004.

## Books

Evans, George W. and Seppo Honkapohja. 2001. *Learning and Expectations in Macroeconomics*. Princeton University Press, Princeton and Oxford.

Sargent, Thomas J. 1999. *The Conquest of American Inflation*. Princeton University Press, Princeton, NJ.