

Economics GR6222
Advanced Macroeconomic Analysis II
Spring 2026

This course is part of the Macroeconomics field for second-year Ph.D. students. It covers recent developments in open economy macroeconomics and monetary economics.

Meetings: Thursdays, 4:10pm-6:00pm, 1102 International Affairs Building.

Office Hours: Tuesdays at 7:30pm or by appointment.

Requirements: 1. There will be written assignments that must be returned in L^AT_EX via email to the instructors. Assignments will be prepared by groups, formed by the instructors. 2. A research proposal on a topic covered on the syllabus due on May 5, 2026. Proposals can be co-authored with registered students and can have at most three authors. 3. There will be in-class discussions led by students of assignments and research-proposal progress.

Outline of Material To Be Covered:

1. The Macroeconomics of Tariffs

Auray, S., M. B. Devereux, and A. Eyqem, “Trade Wars, Nominal Rigidities, and Monetary Policy,” *Review of Economic Studies*, 2024, rdae075.

Bianchi, Javier, and Louphou Coulibaly, “The Optimal Monetary Policy Response to Tariffs,” NBER Working Paper 33560, April 2025.

Calvo, Guillermo A., “On the Costs of Temporary Policy,” *Journal of Development Economics* 27, 1987, 245-261.

Costinot, A., D. Donaldson, J. Vogel, and I. Werning, “Comparative Advantage and Optimal Trade Policy,” *Quarterly Journal of Economics* 130, 2015, 659-702.

Costinot, Arnaud, and Iván Werning, “Lerner symmetry: A modern treatment,” *American Economic Review: Insights*, 1, 2019, 13-26.

Costinot, Arnaud, and Iván Werning, “How Tariffs Affect Trade Deficits,” NBER Working Paper 33709, June 2025.

Cuba-Borda, Pablo, Albert Queralto, Ricardo Reyes-Heroles, and Mikaël Scaramucci, “Trade Costs and Inflation Dynamics,” manuscript, Federal Reserve Board, February 2025.

Diamond, P. A., and J. A. Mirrlees, “Optimal taxation and public production I: Production efficiency,” *American Economic Review* 61, 1971, 827.

Gros, D., “A note on the optimal tariff, retaliation and the welfare loss from tariff wars in a framework with intra-industry trade,” *Journal of International Economics* 23, 1987, 357-367.

Itskhoki, Oleg, and Dmitry Mukhin, “The optimal macro tariff,” working paper, 2025.

McKinnon, Ronald I., “Intermediate Products and Differential Tariffs: A Generalization of Lerner’s Symmetry Theorem,” *Quarterly Journal of Economics* 80, 1966, 584-615.

Ravn, Morten, Stephanie Schmitt-Grohé, and Martín Uribe, “Deep Habits,” *Review of Economic Studies* 73, January 2006, 195–218.

Ravn, Morten, Stephanie Schmitt-Grohé, and Martín Uribe, “Pricing To Habits and the Law of One Price,” *American Economic Review, Papers and Proceedings* 97, May 2007, 232–238.

Razin, A., and L. E. Svensson, “Trade taxes and the current account,” *Economics Letters* 13, 1983, 55-57.

Schmitt-Grohé, Stephanie, and Martín Uribe, “Transitory and Permanent Import Tariff Shocks in the United States: An Empirical Investigation,” working paper, 2025.

Schmitt-Grohé, Stephanie, and Martín Uribe, “Note on Optimal Intermediate Good Taxation: A Primal Approach,” manuscript, Columbia University, January 2026.

Uribe, Martín, “Lecture On The Optimal Tariff,” manuscript, Columbia University, January 2026.

Werning, Iván, Guido Lorenzoni, and Veronica Guerrieri, “Tariffs as Cost-Push Shocks: Implications for Optimal Monetary Policy,” working paper, University of Chicago, May 2025.

2. Nominal Wage Rigidity and the Nonlinear Phillips Curve

Beaudry, Paul, Chenyu Hou, and Franck Portier, “On the Fragility of the Nonlinear Phillips Curve View of Recent Inflation,” NBER Working Paper No. 33522, February 2025.

Benigno, Pierpaolo, and Gauti Eggertsson, “Its Baaack: The Surge in Inflation in the 2020s and the Return of the Nonlinear Phillips Curve,” NBER Working Paper No. 31197, April 2023.

Bernanke, Ben, and Olivier Blanchard, “What Caused the U.S. Pandemic-Era Inflation?,” manuscript, 2023.

Bewley, Truman F., *Why Wages Don't Fall During a Recession*, Cambridge MA: Harvard University Press, 1999.

Cerrato, Andrea, and Giulia Gitti, “Inflation Since COVID: Demand or Supply,” unpublished manuscript, Brown University, December 8, 2022.

Crust, Erin E., Kevin J. Lansing, and Nicolas Petrosky-Nadeau, “Reducing Inflation along a Nonlinear Phillips Curve,” *FRBSF Economic Letter 2023-17*, July 10, 2023, 1–5.

Davis, Steven J., and Pawel M. Krolikowski, “Sticky Wages on the Layoff Margin,” *American Economic Review 115*, February 2025, 491-524.

Faia, Ester, and Vincenzo Pezone, “The Cost of Wage Rigidity,” *Review of Economic Studies 90*, October 2023, <https://doi.org/10.1093/restud/rdad020>.

Fehr, Ernst, and Lorenz Goette, “Robustness and Real Consequences of Nominal Wage Rigidity,” *Journal of Monetary Economics 52*, 2005, 779–804.

Fitzgerald, Terry, Callum Jones, Mariano Kulish, and Juan Pablo Nicolini, “Is There a Stable Relationship between Unemployment and Future Inflation,” *American Economic Journal: Macroeconomics 16*, October 2024, 114–42.

Giannone, Domenico, and Giorgio E. Primiceri, “The drivers of post-pandemic inflation,” working paper presented at the ECB Forum on Central Banking, July 1-3, 2024.

Gitti, Giulia, “Nonlinearities in the Regional Phillips Curve with Labor Market Tightness,” Collegio Carlo Alberto, 2025.

Harding, Martín, Jesper Lindé, and Mathias Trabandt, “Understanding post-COVID Inflation Dynamics,” *Journal of Monetary Economics 140*, 2023, 101–118.

Jo, Yoon Joo, “Beyond the Spike at Zero: Understanding Nominal Wage Rigidity through Empirical and Model-Based Approaches,” *Journal of International Economics 157*, 2025, 104117.

Phillips, A. William, “The Relation Between Unemployment and the Rate of Change of Money Wage Rates in the United Kingdom, 1861–1957,” *Economica 25*, November 1958, 283–299.

Schmitt-Grohé, Stephanie, and Martín Uribe, “Downward Nominal Wage Rigidity, Currency Pegs, And Involuntary Unemployment,” *Journal of Political Economy 124*, October 2016, 1466–1514.

Schmitt-Grohé, Stephanie, and Martín Uribe, “Liquidity Traps and Jobless Recoveries,” *American Economic Journal: Macroeconomics 9*, January 2017, 165–204.

Schmitt-Grohé, Stephanie, and Martín Uribe, “Heterogeneous Downward Nominal Wage Rigidity: Foundations of a Nonlinear Phillips Curve,” Columbia University, 2025.

3. Microfoundations of Cost-Push Shocks

Barro, Robert J., “Markups and Entry in a Circular Hotelling Model,” NBER working paper 32660, December 2024.

Cuba-Borda, Pablo, Albert Queralto, Ricardo Reyes-Heroles, Mikaël Scaramucci, “Trade Costs and Inflation Dynamics,” unpublished manuscript, Federal Reserve Board, February 2025.

Del Negro, Marco, Marc P. Giannoni, and Frank Schorfheide, “Inflation in the Great Recession and New Keynesian Models,” *American Economic Journal: Macroeconomics* 7, 2015, 168–196.

Erceg, Christopher, Jesper Lindé, and Mathias Trabandt, “Monetary Policy and Inflation Scars,” IMF Working Paper WP-24-260, December 2024.

Fornaro, Luca, and Martin Wolf, “The Scars of Supply Shocks: Implications for Monetary Policy?,” *Journal of Monetary Economics* 140, November 2023, S18–S36.

Hotelling, Harold, “Stability in Competition,” *Economic Journal* 39, March 1929, 41–57.

King, Robert G., and Mark W. Watson, “Inflation and Unit Labor Cost,” *Journal of Money, Credit and Banking* 44, December 2012, 111–149.

Mehrotra, Neil, Hyunseung Oh, and Julio L. Ortiz, “Retail Inventories and Inflation Dynamics: The Price Margin Channel,” International Finance Discussion Paper Number 1424, October 2025.

Ravenna, Federico, and Carl E. Walsh, “Optimal Monetary Policy with the Cost Channel,” *Journal of Monetary Economics* 53, March 2006, 199–216.

Schmitt-Grohé, Stephanie, and Martín Uribe, “Hotelling Meets Keynes: Aggregate Adjustment with Spatial Competition and Nominal Rigidity,” NBER Working Paper No. 33628, March 2025.

4. Exchange and Capital Controls

Bergant, Katharina, Andrés Fernández, Ken Teoh, and Martín Uribe, “Redrawing the Landscape of Cross-Border Flow Restrictions: Modern Tools and Historical Perspectives,” unpublished manuscript, Columbia University, 2025.

Dornbusch, Rudiger, “Multiple Exchange Rates for Commercial Transactions,” in Sebastian Edwards and Liaquat Ahamed (Eds.), *Economic Adjustment and Exchange Rates in Developing Countries*, Chicago: University of Chicago Press, 1986.

Drechsel, Thomas, “Earnings-Based Borrowing Constraints and Macroeconomic Fluctuations,” *American Economic Journal: Macroeconomics* 15, April 2023, 1–34.

Espino, Emilio, Alfonso Gauna, and P. Andrés Neumeyer, “Models of Balance of Payments Crises with Capital Controls,” manuscript, Universidad Torcuato di Tella, 2023.

Fernández, Andrés, Alessandro Rebucci, and Martín Uribe, “Are Capital Controls Countercyclical?,” *Journal of Monetary Economics* 76, 2015, 1–14.

Fernández, Andrés, Michael Klein, Alessandro Rebucci, Martin Schindler, and Martín Uribe, “Capital Control Measures: A New Dataset,” *IMF Economic Review* 64, 2016, 548–574.

Ilzetzki, Ethan, Carmen Reinhart, and Kenneth Rogoff, “Exchange Arrangements Entering the Twenty-First Century: Which Anchor will Hold?,” *Quarterly Journal of Economics* 134, May 2019, 599–646.

Mosquera, Santiago, and Federico Sturzenegger, “Cepo para principiantes,” *Desarrollo Económico* 61, December 2021, 101–124.

Reinhart, Carmen M., and Kenneth S. Rogoff, “The Modern History of Exchange Rate Arrangements: A Reinterpretation,” *Quarterly Journal of Economics* 119, February 2004, 1–48.

Schmitt-Grohé, Stephanie, and Martín Uribe, “Is Optimal Capital-Control Policy Countercyclical In Open-Economy Models With Collateral Constraints?,” *IMF Economic Review* 65, August 2017, 498–527.

Schmitt-Grohé, Stephanie, and Martín Uribe, “Deterministic Debt Cycles in Open Economies with Flow Collateral Constraints,” *Journal of Economic Theory* 192, March 2021, 105195.

Schmitt-Grohé, Stephanie, and Martín Uribe, “Multiple Equilibria in Open Economies with Collateral Constraints,” *Review of Economic Studies* 88, March 2021, 969–1001.

Schmitt-Grohé, Stephanie, and Martín Uribe, “Exchange Controls as a Fiscal Instrument,” unpublished manuscript, Columbia University, 2024.

5. Decomposing Monetary Shocks

Bauer, Michael D., and Eric T. Swanson, “An Alternative Explanation for the ‘Fed Information Effect’,” *American Economic Review* 113, 2023, 664–700.

Campbell, Jeffrey R., Jonas D.M. Fisher, Alejandro Justiniano, and Leonardo Melosi, “Forward Guidance and Macroeconomic Outcomes since the Financial Crisis,” in Martin Eichenbaum and Jonathan A. Parker (eds.), *NBER Macroeconomics Annual 31*, The University of Chicago Press, Chicago, 2017, 283–357.

Carvalho, Alexandre, João Valle e Azevedo, and Pedro Pires Ribeiro, “Permanent and Temporary Monetary Policy Shocks and the Dynamics of Exchange Rates,” *Journal of International Economics* 147, 2024, 103871.

Cieslak, Anna, and Andreas Schrimpf, “Non-monetary News in Central Bank Communication,” *Journal of International Economics* 118, 2019, 293–315.

De Michelis, Andrea, and Matteo Iacoviello, “Raising an Inflation Target: The Japanese Experience with Abenomics,” *European Economic Review* 88, 2016, 67–87.

García-Cicco, Javier, Patricio Goldstein, and Federico Sturzenegger, “Permanent and Transitory Monetary Shocks Around the World,” working paper, Universidad de San Andrés, June, 2024.

García-Schmidt, Mariana, “Is the Information Channel of Monetary Policy Alive in Emerging Markets?,” working paper 1017, Central Bank of Chile, June 2024.

García-Schmidt, Mariana, and Michael Woodford, “Are Low Interest Rates Deflationary? A Paradox of Perfect-Foresight Analysis,” *American Economic Review* 109, 2019, 86–120.

Garín, Julio, Robert Lester, and Eric Sims, “Raise Rates to Raise Inflation? Neo-Fisherianism in the New Keynesian Model,” *Journal of Money, Credit and Banking* 50, February 2018, 243–259.

Jarociński, Marek, and Peter Karadi, “Deconstructing Monetary Policy Surprises—The Role of Information Shocks,” *American Economic Journal: Macroeconomics* 12, 2020, 1–43.

Kerssenfischer, Mark, “Information effects of euro area monetary policy,” *Economics Letters* 216, 2022, 110570.

Lukmanova, Elizaveta, and Katrin Rabitsch, “Evidence on monetary transmission and the role of imperfect information: Interest rate versus inflation target shocks,” *European Economic Review* 158, 2023, 104557.

Melosi, Leonardo, “Signaling Effects of Monetary Policy,” *Review of Economic Studies* 84, 2017, 853–84.

Miranda-Agrippino, Silvia, “Unsurprising Shocks: Information, Premia, and the Monetary Transmission,” Centre for Macroeconomics, Discussion Paper 2016-13, 2016.

Nakamura, Emi, and Jón Steinsson, “High Frequency Identification of Monetary Non-Neutrality,” *Quarterly Journal of Economics* 133, August 2018, 1283–1330.

Schmitt-Grohé, Stephanie, and Martín Uribe, “The Effects of Permanent Monetary Shocks on Exchange Rates and Uncovered Interest Differentials,” *Journal of International Economics* 135, March 2022, 103560.

Schmitt-Grohé, Stephanie, and Martín Uribe, “What Do Long Data Tell Us About the Permanent Component of Inflation?,” *American Economic Review: Papers & Proceedings* 114, May 2024, 101–105.

Schmitt-Grohé, Stephanie, and Martín Uribe, “Central Bank Information or Neo-Fisher Effect?,” NBER WP 33136, 2024.

Uribe, Martín, “The Neo-Fisher Effect in the United States and Japan,” NBER working paper 23977, October 2017.

Uribe, Martín, “The Neo-Fisher Effect: Econometric Evidence from Empirical and Optimizing Models,” *American Economic Journal: Macroeconomics* 14, July 2022, 133–62.

Valle e Azevedo, João, João Ritto, and Pedro Teles, “The Neutrality of Nominal Rates: How Long is the Long Run?,” *International Economic Review* 63, November 2022, 1745–1777.