

## **Reading Group: Financial Frictions**

### **Essential reading list**

**(Delli Gatti)**

I recommend M. Brunnermeier's paper for an encompassing survey of the issues dealt with in this literature.

- Brunnermeier, Markus K, Thomas Eisenbach, and Yuliy Sannikov. "Macroeconomics with Financial Frictions: A Survey". *Advances in Economics and Econometrics*, Tenth World Congress of the Econometric Society. New York: Cambridge University Press, 2013 (freely downloadable).

The seminal paper for the NK-DSGE macro-finance literature is

- Bernanke, Ben, Mark Gertler and Simon Gilchrist. "The Financial Accelerator in a Quantitative Business Cycle Framework", in Taylor, John and Michael. Woodford, eds., *Handbook of Macroeconomics*, Elsevier, 1999.

Three very important and seminal papers in the financial frictions literature are.

- M. Iacoviello, House Prices, Borrowing Constraints, and Monetary Policy in the Business Cycle, *AER*, 2005
- Gertler, Mark and Nobuhiro Kiyotaki (2010): "Financial Intermediation and Credit Policy in Business Cycle Analysis" in Friedman, Benjamin M., and Michael. Woodford, eds., *Handbook of Monetary Economics*, Elsevier.
- N. Kiyotaki and J. Moore, Credit Cycles, *JPE*, 1997.

There is a long bibliography at the end of Brunnermeier's survey.