

Advances in macroeconomics
Spring 2021
Prof. Christian Hellwig and Nicolas Werquin

1. Essentials:

Lectures: TBD

Ten weeks, Spring 2021

Offices: T606 (CH) and T607 (NW)

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2. Course Objective and Description:

This course will cover several theoretical models that form the basis of many applications in various fields – labor economics, macroeconomics, international finance, corporate finance, public economics, development. We will study both seminal models and recent developments and will connect theory to empirical work. Particular attention will be devoted to the efficiency properties of the competitive equilibrium.

1. Search and Matching

- Random search and unemployment: *Mortensen Pissarides (1994), Hosios (1990)*
- Bringing the model to the data: *Shimer (2005) and subsequent literature*
- Competitive search: *Moen (1997)*
- On-the-job search: *Burdett Mortensen (1998), Menzio Shi (2011)*

2. Assignment and Assortative Matching

- Superstars and inequality: *Terviö (2008), Gabaix Landier (2008)*
- Assignment and job polarization: *Costinot Vogel (2010), Acemoglu Autor (2011)*
- Positive assortative matching: *Shimer Smith (2000), Eeckhout Kircher (2010)*

3. Span of Control models, firm size distribution

- *Lucas (1978)*
- *Hopenhayn (1993), Klette-Kortum (2004)*
- Various papers by *Garicano Rossi-Hansberg (+trade applications)*

4. Dynamic Contracts

- Limited commitment: *Thomas and Worrall (1988), Kocherlakota (1996), and subsequent literature*
- Private information: *Golosov Kocherlakota Tsyvinski (2003) and subsequent literature, Thomas and Worrall (1990) and subsequent papers, Pavan Segal Toikka (...)*
- Moral hazard: *Hopenhayn Nicolini (1997), Shimer Werning (2007), Hopenhayn Clementi (2004), Biais, Plantin, Rochet, Martimort (2007)*

3. Course Evaluation:

TBA