

Fall 2024 Topics in Macroeconomics

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Purpose: This course will focus on macro-labor topics. It has three main goals: First, it aims to introduce students to basic search and matching models and how search frictions are introduced into models of firm dynamics. Second, it will cover recent applications of search and matching frameworks and firm dynamics to study questions on inequality and household decisions (joint labor supply, marriage, and fertility). Third, the course will move beyond search frictions and study other current topics on macro-labor, such as monopsonistic labor markets, local labor markets and their macroeconomic implications.

Material: It will be assumed that the students are familiar with dynamic programming, basic heterogeneous agent models, and basic numerical methods to compute heterogeneous agent models. The course will mainly be based on lecture notes and published or unpublished articles. We will cover some chapters from Pissarides (2000) and Ljungqvist and Sargent (2004). Other helpful references on some of the topics we will be covering are Cahuc et al (2014), Manning (2013), Mortensen (2003).

Articles listed under Background in each section are empirical papers. I will start each section with some empirical motivation and facts. We will cover these papers very briefly, focusing on main messages.

Among other articles in each section, we will cover 2-3 of them in detail and highlight the key points from the others.

Requirements: In addition to readings and class participation, there will be weekly assignments, theoretical and computational. Some assignments will consist of writing a referee report and others will involve short presentations of papers from the reading list. Students can choose between a research project and a written final exam.

Evaluation: Participation (10%), Assignments (20%), and examination consisting of a midterm take-home exam (20%) and a final that can be a research project or a written final exam (50%). For those who choose to write research proposals, midterm take-home exams will consist of two progress reports. Those

who decide to take a written final exam will have take-home exams on material covered in the class (similar to weekly assignments).

Logistics: Starting September 26, we will have two sessions on Thursdays (3pm and 5pm) and one session on Fridays (11-30am).

Preliminary Outline

Part 1: Search and Matching Models (weeks 1 and 2)

1. Basic Search (Ljungqvist and Sargent, Chapter 6)
2. Equilibrium Search and Matching (Pissarides, Chapters 1 and 2; Ljungqvist and Sargent Chapter 26; Rogerson, Shimer and Wright 2005, Rogerson and Shimer 2011)
3. Job destruction and creation (Mortensen Pissarides, 1994)
4. On the job search (Burdett 1978, Pissarides 1991, Cahuc, Postel-Vinay, Robin 2006)
5. Job Posting (Burdett and Mortensen 1998)
6. Directed Search (Wright et al 2021)
7. Large Firm Models (Elsby and Michaels 2013)

Part 2: Firms, Human Capital Accumulation and Inequality (weeks 3 and 4)

1. Background (Arellano-Bover and Saltiel 2024; Bath et al 2016; Song et al 2019).
2. Firms, human capital accumulation and inequality (Lise et al., 2016; Lamadon et al 2024; Bagger et al. 2014; Flinn et al.2017; Engbom 2022, Guner and Ruggieri 2023, Guner et al 2024)

Part 3: Household Decisions (weeks 5 and 6)

1. Background (Goldin 2014; Goldin and Katz 2011; Wiswall and Zafar 2017; Greenwood et al 2014; Fernández-Kranz and Rodríguez-Planas 2021; Doepke et al., 2023; Greenwood et al 2023; Sorkin 2019; Kleven et al 2019)
2. Joint Search (Guler et al., 2012; Pilossoph and Wee 2021)
3. Amenities, Occupations and Gender Gap (Flabbi and Moro 2012, Erosa et al 2010; Penpeng 2023; Cruces 2023)
4. Marriage and Divorce (Greenwood and Guner 2009; Greenwood et al 2016; Goussé et al 2017; Calvo et al 2024; Chioccio 2024; Yanagimoto 2024).
5. Fertility (Erosa et al 2010; Adda et al 2017; Guner, Kaya and Sanchez-Marcos 2023; Bover et al 2024)

Part 4: Monopsonistic Labor Markets (weeks 7 and 8)

1. Basic Model (Manning 2003, Chapter 1, Manning 2021)
2. Background (Azar et al 2023, Amodio and Roux 2023, Syverson 2019)
3. Labor Market Power, Wages and Inefficiency (Card et al 2018; Berger et al., 2022, Amadio et al 2023, Brooks et al 2023; Jungerman 2023; Armangué-Jubert 2024, Deb et al 2023; Segura 2024)

Part 5: Local Labor Markets and Quantitative Spatial Models (weeks 9 and 10)

1. Background (Berry and Glaeser 2005; Moretti 2013; 2005. Baum-Snow and Pavan. 2013; Baum-Snow et al 2018, Diamond and Gaubert 2022).
2. Basic Model (Moretti 2011, Diamond 2016; Redding and Esteban-Rossi Hansberg 2017, Diamond and Gaubert.2022)
3. Spatial constraints and household decision (Eechout and Guner 2024, Van Nieuwerburgh and Pierre-Olivier Weill 2010; Parkhomenko 2023, 2024; Moreno-Maldonado 2023, Moreno-Maldonado and Santamaria 2023, Alonzo et al 2023, Fogli et al 2024).

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