uc3m | Universidad **Carlos III** de Madrid

Topics in macroeconomics (A)

Academic Year: (2021 / 2022)   **Review date: 15-07-2021**

Department assigned to the subject: Economics Department

Coordinating teacher: JEREZ GARCIA-VAQUERO, MARIA BELEN

Type: Electives ECTS Credits : 4.0

Year : 2 Semester : 2

REQUIREMENTS (SUBJECTS THAT ARE ASSUMED TO BE KNOWN)

Macroeconomics I, Macroeconomics II and Macroeconomics III. Microeconomics I and II.

OBJECTIVES

The goal of this course is to study models that incorporate two types of frictions: search and spatial. The course is divided in two parts. The first part will consist of a theoretical exploration of search equilibrium models. The second part will introduce models employed in the study of the role of spatial frictions in the economy.

DESCRIPTION OF CONTENTS: PROGRAMME

Part I. Search theory

1. Random search and Bargaining

2. Random Search and Price Posting

3. Directed or Competitive Search.

Part II: Spatial Macroeconomics

1. The Classics & the New Economic Geography
        Workhorse Models: Rosen-Roback, McFadden, Krugman
        Quantitative Applications

2. Quantitative Spatial Economics
      Workhorse Models: Allen and Arkolakis & Eaton Kortum
      Quantitative Applications

3. The Organization of Production
        Workhorse Models: Sattinger, Lucas, Garicano & Rossi-Hansberg
        Quantitative Applications

4. Input-Output Networks
        Workhorse Models: Acemoglu, Oberfield
      Quantitative Applications: TBD

LEARNING ACTIVITIES AND METHODOLOGY

Learning activities

Lectures
Group and individual assignments
Reading assignments and class discussions
Office hours

Methodology
Lectures in which the professor teaches basic concepts and presents the readings necessary to complement the class activities.
Critical readings of the material presented by the professor.

One assignment consisting of writing a referee report on a seminal or contemporary paper.
One numerical assignment consisting of replicating and extending the code of a quantitative paper.

ASSESSMENT SYSTEM

Term project 1: Referee report (20%)
Term project 2: quantitative replication coding and extension (20%)
Final exam (60%)

% end-of-term-examination:	60
% of continuous assessment (assigments, laboratory, practicals…):	40

BASIC BIBLIOGRAPHY

 - Acemoglu, D., Carvalho V., Ozdaglar A., and Tahbaz-Salehi A. The Network Origins of Aggregate Fluctuations, Econometrica, 80(5): 1977-2016, 2012
 - Eaton, J., and Kortum S. Technology, Geography, and Trade, Econometrica, 70(5): 1741-1779, 2002

 - Garicano, L., and Rossi-Hansberg, E. Organization and Inequality in a Knowledge Economy, The Quarterly Journal of Economics, 121(4): 1383-1435, 2006
 - Guerrieri, V., Julien B., Kircher P., and Wright R. Directed and Competitive Search: A Guided Tour, Journal of Economic Literature, 2021 59(1): 90-148, 2021
 - Krugman, P. Increasing Returns and Economic Geography, Journal of Political Economy, 99(3): 483-499, 1991

 - Lucas, R. On the Size Distribution of Business Firms, Bell Journal of Economics, 9(2): 508-523., 1978

 - McFadden, D. Modelling the Choice of Residential Location, Cowles Foundation Discussion Papers 477, Cowles Foundation for Research in Economics, Yale University., 1977
 - Mortensen, D., and Pissarides, C. Handbook of Labor Economics volume 3B, chapter New Developments in Models of Search in the Labor Market., University of Chicago Press for the NBER., 1999
 - Oberfield, E. A Theory of Input--Output Architecture, Econometrica, 86(2): 559-589, 2018

 - Pissarides, C. Equilibrium Unemployment Theory, MIT Press, 2000

 - Roback, J. Wages, Rents, and the Quality of Life, Journal of Political Economy, 90(6): 1257-1278, 1982

 - Rogerson, R., Shimer, R., and Wright, R. Search-theoretic models of the labor market: A survey, Journal of Economic Literature, 43(4):959¿988, 2005
 - Sattinger, M. Assignment Models of the Distribution of Earnings, Journal of Economic Literature, 31(2): 831-880, 1993
 - Treb A., and Arkolakis C. Trade and the Topography of the Spatial Economy, The Quarterly Journal of Economics, 129(3): 1085-1140, 2014