

Tentative Syllabus for Macro by Cole 2017

Fridays 1:30-4:30 pm

This is a tentative list of topics and papers that I am considering covering in this semester's graduate topics class. My plan is to have the students write a summary of some of the papers which are marked with *'s. I will lecture on the others. These summaries will be the basis for your grade.

1) Financial Markets with Limited Enforcement

- A. Kehoe and Levine, "Debt-Constrained Asset Markets", ReStud 1993.
- B. Alvarez and Jermann, "Efficiency, Equilibrium, and Asset Pricing with Risk of Default", Econometrica 2000.
- C. Kocherlakota, "Implications of Efficient Risk Sharing without Commitment", ReStud 1996.
- D. Krueger and Perri, "Public vs. Private Risk Sharing", JET 2011. *

2) Financial Markets with Participation Limits

- A. Chien, Cole and Lustig, "A Multiplier Approach to Understanding the Macro Implications of Household Finance", ReStud 2011.
- B. Chien, Cole and Lustig, "Implications of Heterogeneity in Preferences, Beliefs and Asset Trading for Asset Prices", RED 2016.

3) Insurance Markets with Enforcement Frictions

- A. Krueger and Uhlig, "Competitive Risk Sharing Contracts with One-Sided Commitment", JME 2006. *
- B. Cole, Kreuger, Mailath and Park.

4) Trading with Incomplete Information

- A. Grossman and Stiglitz, "On the Impossibility of Informationally Efficient Markets", AER 1980.
- B. Angeletos and Werning, "Information Aggregation, Equilibrium Multiplicity and Market Volatility: Morris-Shin Meets Grossman-Stiglitz", research memo. *
- C. Albagli, Hellwig and Tsyvinski, "A Theory of Asset Pricing Based on Heterogeneous Information", NBER working paper # 17548.
- D. Golosov, Lorenzoni and Tsyvinski, "Decentralized Trading with Private Information.

- E. Kurlat, “Asset Markets with Heterogeneous Information”, *Econometrica*.
- F. Cole, Neuhann and Ordonez, “A Walrasian Theory of Sovereign Debt Auctions”, SSRN working paper.

5) Contracting with Incomplete Information

- A. Discussion of APS and Imperfect Monitoring
- B. Atkeson and Lucas, “On Efficient Distribution with Private Information”, *Econometrica* 1992.
- C. Fernandez and Phelan, “Repeated Agency with History Dependence”, *JET* 2000.
- D. Cole, Greenwood and Sanchez, “Why Doesn’t Technology Flow From Rich to Poor Countries”, *Econometrica* 2016.

6) Optimal Fiscal Policy

- a) Ramsey Taxation
- b) Mirlessian Taxation

7) Credit Frictions and Business Cycle Models

- A. Kiyotaki and Moore 1997.
- B. Charlstrom and Fuerst..
- C. Fuerst.
- D. Gertler and Kiyotaki.

Background Reading: I have developed a rough advanced undergraduate textbook in Macro Finance. Go to my Google cite, click on the link to the advanced undergraduate textbook and download the pdf.