

## Syllabus

[cmcd.economia@fgv.br]

**Course: Macroeconomics IV – Interactions between Real and Financial Sector**

**Professor:**

**2018 THIRD QUARTER**

### PROGRAM

On the wake of the recent financial crisis, the literature on the interactions between the real and the financial sector became a major theme in macroeconomics. The objective of this course is to cover recent and not so recent material on this area.

### DETAILED PROGRAM

#### CREDIT CRUNCH

Holmstrom, Bengt, and Jean Tirole. "Financial Intermediation, Loanable Funds, and the Real Sector." **Quarterly Journal of Economics** 112, no. 3 (1997): 663-691.

#### COLLATERAL

Kiyotaki, Nobuhiro, and John Moore. "Credit Cycles." **Journal of Political Economy** 105, no. 2 (1997): 211-248.

#### LIQUIDITY

Williamson, Steve, Liquidity, Financial Intermediation, and Monetary Policy in a New Monetarist Model, **American Economic Review**, 2012.

#### COLLATERAL AND LIQUIDITY

Gorton, G., and Guillermo Ordonez, Collateral Crises, **American Economic Review**, 2014.

#### BANK RUNS

Diamond, Douglas W., and Philip H. Dybvig. "Bank Runs, Deposit Insurance, and Liquidity." **Journal of Political Economy** 91, no. 3 (1983): 401-419.

#### CONTAGION

Allen, Franklin, and Douglas Gale. "Financial Contagion." **Journal of Political Economy** 108, no. 1 (2000): 1-33.

#### BUBBLES

Abreu, Dilip, and Markus Brunnermeier. "Bubbles and Crashes." **Econometrica** 71, no. 1 (2003): 173-204.

#### ADDITIONAL BIBLIOGRAPHY (I MAY INCLUDE OTHER PAPERS HERE BEFORE THE COURSE STARTS)

Araujo, and Raoul Minetti, Credit Crunches, Asset Prices, and Technological Change, Working Paper, 2015

Caballero, Ricardo J. "Macroeconomics After the Crisis: Time to Deal with the Pretense-of-Knowledge Syndrome." *Journal of Economic Perspectives* 24, no. 4 (2010): 85-102.

Kiyotaki, Nobuhiro, and John Moore. "Credit Cycles." *Journal of Political Economy* 105, no. 2 (1997): 211-248.

Bernanke, B., and A. Blinder. "Credit, Money and Aggregate Demand." *American Economic Review* 78, no. 2 (1988): 435-439.

Adrian, Tobias, and Hyun Song Shin. "Liquidity and Financial Contagion." Banque de France Financial Stability Review, no. 11 (2008): 1-7.

Tirole, Jean. "Asset Bubbles and Overlapping Generations." Econometrica 53, no. 6 (1985): 1499-1528.

Allen, Franklin, and Douglas Gale. "Bubbles and Crises." Economic Journal 110 (2000): 236-255.

Svensson, Lars E. O. "Escaping from a Liquidity Trap and Deflation: The Foolproof Way and Others." NBER Working Paper No. 10195, December 2003.

Jeanne, O., and Lars E. O. Svensson. "Credible Commitment to Optimal Escape from a Liquidity Trap: The Role of the Balance Sheet of an Independent Central Bank." AER 97(1), March 2007, 474-490.

## GRADING

There will be final exam, worth 50%, and a term paper, worth 50%.

## PROFESSOR - EMAILS

## PROGRAMAÇÃO AULA-A-AULA

1	CREDIT CRUNCH
2	CREDIT CRUNCH
3	COLLATERAL
4	COLLATERAL
5	COLATERAL CRISIS
6	COLLATERAL CRISIS
7	BANK RUNS
8	BANK RUNS
9	FINANCIAL CONTAGION
10	FINANCIAL CONTAGION
11	LIQUIDITY AND MONETARY POLICY
12	LIQUIDITY AND MONETARY POLICY
13	BUBBLES
14	BUBBLES
15	PROVA FINAL