

Syllabus

[cmcd.economia@fgv.br]

Course Name: Heterogeneity in Macroeconomics: Theory and Data

Faculty:

Teaching Assistants:

2024 2ND SEMESTER

COURSE OUTLINE

This course explores the role of heterogeneity in macroeconomics, focusing on the production side of the economy. The program covers models of firm dynamics, models of factors' misallocation with heterogeneous firms, and models of production network. To motivate and test the theory, we will also study how to use firm-level data to identify shocks, estimate production functions, and measure aggregate misallocation.

COURSE PROGRAM

- Cross-sectional identification of shocks with sector and firm-level data
- Production function estimation
- Models with heterogeneous firms
- Models with endogenous entrepreneurship, firms' entry and exit
- Financial frictions and firm dynamics
- Models of market power and estimation of markups
- Aggregation of output and misallocation
- Models of production network
- From micro shocks to macro fluctuations

BIBLIOGRAPHY

LUCAS JR, R.E., "On the Size Distribution of Business Firms". The Bell Journal of Economics, 1978.
HOPENHAYN, H., "Entry, exit, and firm dynamics in long run equilibrium". Econometrica, 1992.
HOPENHAYN and ROGERSON, "Job Turnover and Policy Evaluation: A General Equilibrium Analysis". Journal of Political Economy, 1993.
FOSTER, HALTIWANGER, and KRIZAN, "Aggregate Productivity Growth: Lessons from Microeconomic Evidence". New developments in productivity analysis, 2001.
COOLEY and QUADRINI, "Financial Markets and Firm Dynamics". American Economics Review, 2001.
CAGETTI and DE NARDI, "Entrepreneurship, frictions, and wealth". Journal of Political Economy, 2006.
SYVERSON, C., "What determines productivity?". Journal of Economic Literature, 2011.
MOLL, B., "Productivity Losses from Financial Frictions: Can Self-Financing Undo Capital Misallocation?". American Economic Review, 2014.
HSIEH and KLENOW, "Misallocation and Manufacturing TFP in China and India". Quarterly Journal of Economics, 2009.

ACKERBERG, CAVES, and FRAZER, "Identification Properties of Recent Production Function Estimators". *Econometrica*, 2015.

NAKAMURA and STEINSSON, "Identification in Macroeconomics". *Journal of Economic Perspectives*, 2018.

ATKENSON and BURSTEIN, "Pricing-to-Market, Trade Costs, and International Relative Prices". *American Economic Review*, 2008.

AUTOR, DORN, KATZ, PATTERSON, and VAN REENEN, "The fall of the labor share and the rise of superstar firms". *Quarterly Journal of Economics*, 2020.

DE LOECKER, EECKHOUT, and UNGER, "The rise of market power and the macroeconomic implications". *Quarterly Journal of Economics*, 2020.

GABAIX, X., "The Granular Origins of Aggregate Fluctuations". *Econometrica*, 2011.

ACEMOGLU, CARVALHO, OZDAGLAR and TAHBAZ-SALEHI, "The Network Origins of Aggregate Fluctuations". *Econometrica*, 2012.

BAQAEE and FARHI, "The macroeconomic impact of microeconomic shocks: beyond Hulten's theorem". *Econometrica*, 2019.

BAQAEE and FARHI, "Productivity and misallocation in general equilibrium". *Quarterly Journal of Economics*, 2020.

BIGIO and LA'O, "Distortions in production networks". *Quarterly Journal of Economics*, 2020.

CARVALHO, NIREI, SAITO, and TAHBAZ-SALEHI, "Supply Chain Disruptions: Evidence from the Great East Japan Earthquake". *Quarterly Journal of Economics*, 2021

GRADING

- Short presentation of a paper (from a list that will be provided at the beginning of the course)
- Research project

CONTACT