Advanced Macroeconomics II
Preliminary Reading List

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Note: This reading list will evolve as the semester progresses. Check OWL for the most recent version.

Topic 1: Heterogeneity in Macroeconomics

Aiyagari, S. R. (1994, August). Uninsured Idiosyncratic Risk and Aggregate Saving. *The Quarterly Journal of Economics 109*(3), 659–684.

Heathcote, J., K. Storesletten, and G. L. Violante (2009, September). Quantitative Macroeconomics with Heterogeneous Households. *Annual Review of Economics 1*(1), 319–354.

Huggett, M. (1993, September). The Risk-Free Rate in Heterogeneous-Agent Incomplete-Insurance Economies. *Journal of Economic Dynamics and Control 17*(5-6), 953–969.

Krusell, P. and A. A. Smith, Jr. (1998, October). Income and Wealth Heterogeneity in the Macroeconomy. *Journal of Political Economy 106*(5), 867–896.

Topic 2: Labour Income Risk

Altonji, J. G., A. A. Smith Jr., and I. Vidangos (2013). Modeling Earnings Dynamics. *Econometrica 81*(4), 1395–1454.

Arellano, M., R. Blundell, and S. Bonhomme (2018). Nonlinear Persistence and Partial Insurance: Income and Consumption Dynamics in the PSID. In *AEA Papers and Proceedings*, Volume 108, pp. 281–86.

Browning, M., M. Ejrnaes, and J. Alvarez (2010, October). Modelling Income Processes with Lots of Heterogeneity. *Review of Economic Studies 77*(4), 1353–1381.

Druedahl, J., T. Jørgensen, and M. Graber (2021). High Frequency Income Dynamics. *Working Paper*.

Guvenen, F., F. Karahan, S. Ozkan, and J. Song (2017). Heterogeneous Scarring Effects of Full-Year Nonemployment. *American Economic Review 107*(5), 369–373.

Guvenen, F., F. Karahan, S. Ozkan, and J. Song (2021). What Do Data on Millions of U.S. Workers Reveal about Lifecycle Earnings Dynamics? *Econometrica 89*(5), 2303–2339.

Guvenen, F., A. McKay, and C. Ryan (2021). A Tractable Income Process for Business Cycle Analysis. *Working Paper*.

Guvenen, F., S. Ozkan, and J. Song (2014, June). The Nature of Countercyclical Income Risk. *Journal of Political Economy 122*(3), 621–660.

Guvenen, F. and A. A. Smith (2014, November). Inferring Labor Income Risk and Partial Insurance From Economic Choices: Inferring Labor Income Risk and Partial Insurance. *Econometrica 82*(6), 2085–2129.

Huckfeldt, C. (2022, April). Understanding the Scarring Effect of Recessions. *American Economic Review 112*(4), 1273–1310.

Jacobson, L. S., R. J. LaLonde, and D. G. Sullivan (1993). Earnings Losses of Displaced Workers. *The American Economic Review 83*(4), 685–709.

Storesletten, K., C. I. Telmer, and A. Yaron (2004a, April). Consumption and Risk Sharing over the Life Cycle. *Journal of Monetary Economics 51*(3), 609–633.

Storesletten, K., C. I. Telmer, and A. Yaron (2004b). Cyclical Dynamics in Idiosyncratic Labor Market Risk. *Journal of Political Economy 112*(3), 695–717.

Topic 3: Labour Income Inequality

Abowd, J. M., F. Kramarz, and D. N. Margolis (1999). High Wage Workers and High Wage Firms. *Econometrica 67*(2), 251–333.

Arellano, M., R. Blundell, and S. Bonhomme (2017). Earnings and Consumption Dynamics: A Nonlinear Panel Data Framework. *Econometrica 85*(3), 693–734.

Blundell, R., L. Pistaferri, and I. Preston (2008, December). Consumption Inequality and Partial Insurance. *American Economic Review 98*(5), 1887–1921.

Bowlus, A. J. and H. Liu (2013). The Contributions of Search and Human Capital to Earnings Growth over the Life Cycle. *European Economic Review 64*, 305–331.

Guvenen, F., G. Kaplan, and J. Song (2021). The glass ceiling and the paper floor: Changing gender composition of top earners since the 1980s. *NBER Macroeconomics Annual 35*(1), 309–373.

Guvenen, F., G. Kaplan, J. Song, and J. Weidner (Forthcoming 2022). Lifetime Earnings in the United States over Six Decades. *American Economic Journal: Applied Economics*.

Hornstein, A., P. Krusell, and G. L. Violante (2011, December). Frictional Wage Dispersion in Search Models: A Quantitative Assessment. *American Economic Review 101*(7), 2873–2898.

Huggett, M., G. Ventura, and A. Yaron (2011). Sources of Lifetime Inequality. *The American Economic Review 101*(7), 2923–2954.

Kambourov, G. and I. Manovskii (2009, April). Occupational Mobility and Wage Inequality. *Review of Economic Studies 76*(2), 731–759.

Song, J., D. J. Price, F. Guvenen, N. Bloom, and T. von Wachter (2019, February). Firming Up Inequality. *The Quarterly Journal of Economics 134*(1), 1–50.

Topic 4: Wealth Inequality

Bach, L., L. E. Calvet, and P. Sodini (2020, September). Rich Pickings? Risk, Return, and Skill in Household Wealth. *American Economic Review 110*(9), 2703–2747.

Benhabib, J., A. Bisin, and M. Luo (2017, May). Earnings Inequality and Other Determinants of Wealth Inequality. *American Economic Review 107*(5), 593–597.

Campbell, J. Y., T. Ramadorai, and B. Ranish (2019). Do the Rich Get Richer in the Stock Market? Evidence from India. *AER: Insights 1*(2), 225–240.

Castañeda, A., J. Díaz-Giménez, and J.-V. Ríos-Rull (2003, August). Accounting for the U.S. Earnings and Wealth Inequality. *Journal of Political Economy 111*(4), 818–857.

De Nardi, M. and G. Fella (2017). Saving and Wealth Inequality. *Review of Economic Dynamics 26*, 280–300.

De Nardi, M., G. Fella, and G. Paz-Pardo (2016). The Implications of Richer Earnings Dynamics for Consumption, and Wealth. *National Bureau of Economic Research Working Paper Series* (21917).

Derenoncourt, E., C. H. Kim, M. Kuhn, and M. Schularick (2022). Wealth of two nations: The u.s. racial wealth gap, 1860-2020. *Working Paper*.

Fagereng, A., L. Guiso, D. Malacrino, and L. Pistaferri (2020). Heterogeneity and Persistence in Returns to Wealth. *Econometrica 88*(1), 115–170.

Gabaix, X., J.-M. Lasry, P.-L. Lions, and B. Moll (2016, November). The Dynamics of Inequality. *Econometrica 84*(6), 2071–2111.

Kuhn, M. and J.-V. Rios-Rull (2016). 2013 Update on the U.S. Earnings, Income, and Wealth Distributional Facts: A View from Macroeconomics. *Federal Reserve Bank of Minneapolis Q*, 75.

Kuhn, M., M. Schularick, and U. I. Steins (2020). Income and wealth inequality in america, 1949–2016. *Journal of Political Economy 128*(9), 3469–3519.

Stachurski, J. and A. A. Toda (2019). An impossibility theorem for wealth in heterogeneous-agent models with limited heterogeneity. *Journal of Economic Theory 182*, 1–24.

Topic 5: Consumption Dynamics

Aguiar, M. and M. Bils (2015, September). Has Consumption Inequality Mirrored Income Inequality? *American Economic Review 105*(9), 2725–2756.

Aguiar, M., M. Bils, and C. Boar (2021). Who Are the Hand-to-Mouth? *Working Paper*.

Aguiar, M. and E. Hurst (2013). Deconstructing Life Cycle Expenditure. *Journal of Political Economy*, 56.

Attanasio, O., A. Kovacs, and P. Moran (2020). Temptation and Incentives to Wealth Accumulation. *National Bureau of Economic Research Working Paper Series* (28938).

Berger, D. and J. Vavra (2015, January). Consumption Dynamics During Recessions: Consumption Dynamics During Recessions. *Econometrica 83*(1), 101–154.

Fagereng, A., M. B. Holm, and G. J. Natvik (2021). MPC Heterogeneity and Household Balance Sheets. *American Economic Journal: Macroeconomics 13*(4), 1–54.

Ganong, P., D. Jones, P. J. Noel, F. E. Greig, D. Farrell, and C. Wheat (2020). Wealth, Race, and Consumption Smoothing of Typical Income Shocks. *National Bureau of Economic Research Working Paper Series* (27552).

Gourinchas, P.-O. and J. A. Parker (2002, January). Consumption Over the Life Cycle. *Econometrica 70*(1), 47–89.

Jappelli, T. and L. Pistaferri (2020, November). Reported MPC and Unobserved Heterogeneity. *American Economic Journal: Economic Policy 12*(4), 275–297.

Johnson, D. S., J. A. Parker, and N. S. Souleles (2006). Household Expenditure and the Income Tax Rebates of 2001. *The American Economic Review 96*(5), 1589–1610.

Kaplan, G. and G. L. Violante (2010, October). How Much Consumption Insurance Beyond Self-Insurance? *American Economic Journal: Macroeconomics 2*(4), 53–87.

Kaplan, G. and G. L. Violante (2014). A Model of the Consumption Response to Fiscal Stimulus Payments. *Econometrica 82*(4), 1199–1239.

Kaplan, G. and G. L. Violante (2022). The Marginal Propensity to Consume in Heterogeneous Agent Models. *Annual Review of Economics 14*(1), 747–775.

Lewis, D. J., D. Melcangi, and L. Pilossoph (2021). Latent Heterogeneity in the Marginal Propensity to Consume. *NYFED Staff Reports*.

Parker, J. A., N. S. Souleles, D. S. Johnson, and R. McClelland (2013). Consumer Spending and the Economic Stimulus Payments of 2008. *The American Economic Review 103*(6), 2530–2553.

Straub, L. (2019). Consumption, Savings, and the Distribution of Permanent Income. *Working Paper*.

Topic 6: Housing and Macro

Berger, D., V. Guerrieri, G. Lorenzoni, and J. Vavra (2018, July). House Prices and Consumer Spending. *The Review of Economic Studies 85*(3), 1502–1542.

Chatterjee, S. and B. Eyigungor (2015, April). A Quantitative Analysis of the U.S. Housing and Mortgage Markets and the Foreclosure Crisis. *Review of Economic Dynamics 18*(2), 165–184.

Favilukis, J., S. C. Ludvigson, and S. V. Nieuwerburgh (2016). The Macroeconomic Effects of Housing Wealth, Housing Finance, and Limited Risk Sharing in General Equilibrium. *Journal of Political Economy*, 84.

Garriga, C. and A. Hedlund (2020, June). Mortgage Debt, Consumption, and Illiquid Housing Markets in the Great Recession. *American Economic Review 110*(6), 1603–1634.

Head, A., H. Lloyd-Ellis, and H. Sun (2014). Search, Liquidity, and the Dynamics of House Prices and Construction. *American Economic Review 104*(4), 1172–1210.

Kaplan, G., K. Mitman, and G. L. Violante (2020). Non-durable Consumption and Housing Net Worth in the Great Recession: Evidence from Easily Accessible Data. *Journal of Public Economics 189*, 104176.

Kaplan, G., B. Moll, and G. L. Violante (2018, March). Monetary Policy According to HANK. *American Economic Review 108*(3), 697–743.

Mian, A. and A. Sufi (2009). The Consequences of Mortgage Credit Expansion: Evidence from the U.S. Mortgage Default Crisis. *The Quarterly Journal of Economics 124*(4), 1449–1496.

Mitman, K. (2016, August). Macroeconomic Effects of Bankruptcy and Foreclosure Policies. *American Economic Review 106*(8), 2219–2255.

Ngai, L. R. and S. Tenreyro (2014). Hot and Cold Seasons in the Housing Market. *American Economic Review 104*(12), 3991–4026.

Piazzesi, M. and M. Schneider (2016). Housing and Macroeconomics. In *Handbook of Macroeconomics*, Volume 2, pp. 1547–1640. Elsevier.

Sterk, V. and S. Tenreyro (2018). The Transmission of Monetary Policy through Redistributions and Durable Purchases. *Journal of Monetary Economics 99*, 124–137.

Wong, A. (2021). Refinancing and the Transmission of Monetary Policy to Consumption. *Working Paper*. Previously circulated as 'Transmission of Monetary Policy to Consumption and Population Aging'.

Topic 7: Entrepreneurship

Bassetto, M., M. Cagetti, and M. De Nardi (2015, January). Credit Crunches and Credit Allocation in a Model of Entrepreneurship. *Review of Economic Dynamics 18*(1), 53–76.

Bhandari, A. and E. R. McGrattan (2021). Sweat Equity in U.S. Private Business. *The Quarterly Journal of Economics 136*(2), 727–781.

Cagetti, M. and M. De Nardi (2006). Entrepreneurship, Frictions, and Wealth. *Journal of Political Economy 114*(5), 835–870.

DeBacker, J., V. Panousi, and S. Ramnath (Forthcoming). A risky venture: Income dynamics among pass-through business owners. *American Economic Journal: Macroeconomics*.

Fairlie, R. W., Z. Kross, J. Miranda, and N. Zolas (2021). Job Creation and Survival among Entrepreneurs: Evidence from the Universe of U.S. Startups. *Working Paper*.

Galindo da Fonseca, J. (2021, August). Unemployment, Entrepreneurship and Firm Outcomes. *Review of Economic Dynamics*.

Guvenen, F., G. Kambourov, B. Kuruscu, S. Ocampo, and D. Chen (2019). Use It or Lose It: Efficiency Gains from Wealth Taxation. *National Bureau of Economic Research Working Paper Series* (26284).

Hurst, E. G. and B. W. Pugsley (2016, August). *Wealth, Tastes, and Entrepreneurial Choice*, pp. 111–151. University of Chicago Press.

Karahan, F., B. Pugsley, and A. Şahin (2019). Demographic Origins of the Startup Deficit. *NBER Working Paper*.

Peter, A. (2021). Equity Frictions and Firm Ownership. pp. 53.

Smith, M., D. Yagan, O. M. Zidar, and E. Zwick (2019). Capitalists in the Twenty-First Century. *The Quarterly Journal of Economics 134*(4), 1675–1745.

Vereshchagina, G. (2019). The Role of Individual Financial Contributions in the Formation of Entrepreneurial Teams. *European Economic Review 113*, 173–193.

Topic 8: Firm Dynamics

Clementi, G. L. and B. Palazzo (2016, July). Entry, Exit, Firm Dynamics, and Aggregate Fluctuations. *American Economic Journal: Macroeconomics 8*(3), 1–41.

Decker, R. A., J. Haltiwanger, R. S. Jarmin, and J. Miranda (2020, December). Changing Business Dynamism and Productivity: Shocks versus Responsiveness. *American Economic Review 110*(12), 3952–90.

Foster, L., J. Haltiwanger, and C. Syverson (2008). Reallocation, Firm Turnover, and Efficiency: Selection on Productivity or Profitability? *American Economic Review 98*(1), 394–425.

Haltiwanger, J., E. Hurst, J. Miranda, and A. Schoar (2017). *Measuring Entrepreneurial Businesses: Current Knowledge and Challenges*. University of Chicago Press.

Haltiwanger, J., R. S. Jarmin, and J. Miranda (2013, May). Who Creates Jobs? Small versus Large versus Young. *Review of Economics and Statistics 95*(2), 347–361.

Sterk, V., P. Sedláček, and B. Pugsley (2021, February). The Nature of Firm Growth. *American Economic Review 111*(2), 547–79.

Topic 9: Firm Financing and Default

Caggese, A. (2019). Financing Constraints, Radical versus Incremental Innovation, and Aggregate Productivity. *American Economic Journal: Macroeconomics 11*(2), 275–309.

Clementi, G. L. and H. A. Hopenhayn (2006). A Theory of Financing Constraints and Firm Dynamics. *The Quarterly Journal of Economics 121*(1), 229–265.

Davis, S. J., J. Haltiwanger, K. Handley, R. Jarmin, J. Lerner, and J. Miranda (2014). Private Equity, Jobs, and Productivity. *American Economic Review 104*(12), 3956–90.

Gopinath, G., Ş. Kalemli-Özcan, L. Karabarbounis, and C. Villegas-Sanchez (2017). Capital Allocation and Productivity in South Europe. *The Quarterly Journal of Economics 132*(4), 1915–1967.

Khan, A., T. Senga, and J. K. Thomas (2020). Default Risk and Aggregate Fluctuations in an Economy with Production Heterogeneity. *Working Paper*.

Khan, A. and J. K. Thomas (2008). Idiosyncratic Shocks and the Role of Nonconvexities in Plant and Aggregate Investment Dynamics. *Econometrica 76*(2), 395–436.

Khan, A. and J. K. Thomas (2013). Credit Shocks and Aggregate Fluctuations in an Economy with Production Heterogeneity. *Journal of Political Economy 121*(6), 1055–1107.

Kochen, F. (2021). Finance over the life cycle of firms. *Working Paper*.

Melcangi, D. (2022). The Marginal Propensity to Hire. *Working Paper*.

Morazzoni, M. and A. Sy (2022). Female entrepreneurship, financial frictions and capital misallocation in the us. *Journal of Monetary Economics*.

Opp, C. C. (2019). Venture Capital and the Macroeconomy. *The Review of Financial Studies 32*(11), 4387–4446.

Robb, A. M. and D. T. Robinson (2014). The Capital Structure Decisions of New Firms. *Review of Financial Studies 27*(1), 153–179.

Topic 10: Growth

Bento, P. and D. Restuccia (2017, July). Misallocation, Establishment Size, and Productivity. *American Economic Journal: Macroeconomics 9*(3), 267–303.

Buera, F. J., J. P. Kaboski, and Y. Shin (2011). Finance and Development: A Tale of Two Sectors. *American Economic Review 101*(5), 1964–2002.

Caselli, F. (2005). Accounting for Cross-Country Income Differences. *Handbook of economic growth 1*, 679–741.

Cole, H. L., J. Greenwood, and J. M. Sanchez (2016). Why Doesn't Technology Flow from Rich to Poor Countries? *Econometrica 84*(4), 1477–1521.

David, J. M. and V. Venkateswaran (2019, July). The Sources of Capital Misallocation. *American Economic Review 109*(7), 2531–67.

Duarte, M. and D. Restuccia (2010). The Role of the Structural Transformation in Aggregate Productivity. *The Quarterly Journal of Economics 125*(1), 129–173.

Gollin, D., D. Lagakos, and M. E. Waugh (2014). The Agricultural Productivity Gap. *The Quarterly Journal of Economics 129*(2), 939–993.

Hsieh, C.-T. and P. J. Klenow (2009). Misallocation and Manufacturing TFP in China and India. *The Quarterly Journal of Economics 124*(4), 1403–1448.

Hsieh, C.-T. and P. J. Klenow (2010). Development Accounting. *American Economic Journal: Macroeconomics 2*(1), 207–23.

Hsieh, C.-T. and P. J. Klenow (2014, August). The Life Cycle of Plants in India and Mexico *. *The Quarterly Journal of Economics 129*(3), 1035–1084.

Lagakos, D. and M. E. Waugh (2013). Selection, Agriculture, and Cross-Country Productivity Differences. *American Economic Review 103*(2), 948–80.

Midrigan, V. and D. Y. Xu (2014). Finance and Misallocation: Evidence from Plant-Level Data. *American economic review 104*(2), 422–58.

Moll, B. (2014). Productivity Losses from Financial Frictions: Can Self-Financing Undo Capital Misallocation? *American Economic Review 104*(10), 3186–3221.

Restuccia, D. and R. Rogerson (2008). Policy Distortions and Aggregate Productivity with Heterogeneous Establishments. *Review of Economic Dynamics 11*(4), 707–720.