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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Economics** | **Endogenous net** | **Multiple suppliers** | **Dynamic net** | **Endogenous markups** | **Firm level** | **Empirics** | **Description of US net** | **Firm dynamics** |
| This MRes paper  (ideally) | Yes | Yes | Yes | Yes | No (?) | Yes | Yes | Yes |  |
| Burstein, Carvalho & Grassi (2019)  No network! | Yes | No |  |  |  |  |  |  |  |
| Grassi (2017) | Yes | No | Yes | No | Yes  (variable markups *a la* A&B) | Yes | Yes | No | No  (What is called firm dynamics is a statement about the growth rate of their productivity) |
| Recently, Baqaee and Farhi (2017a) revisited the famous and influential result by Hulten (1978) that, in efficient economies, the first-order impact of a productivity shock to a firm on aggregate output is equal to that firm’s sales as a share of output. The framework presented here is not subject to this result, because the economy is not efficient. Therefore, it is closer to Basu (1995), Basu and Fernald (2002), Jones (2011, 2013), Bigio and La’O (2016), or Baqaee and Farhi (2017b), who study the introduction of distortions in a multi-sector macroeconomic model with production networks. In contrast to all of these papers, here, firm-level productivity shocks endogenously affect markups, which generate the distortions in this economy.  Krugman (1979), Ottaviano et al. (2002), Melitz and Ottaviano (2008), Bilbiie et al. (2012), and Zh- elobodko et al. (2012) study demand-side pricing complementarities, whereas I study at supply-side pricing complementarities as in Atkeson and Burstein (2008) but in an I-O context.  The first thing to note in the above proposition is that firms charge a markup over their marginal cost. Under monopolistic Dixit and Stiglitz (1977) competition, the markup is constant and equal to εk/(εk − 1). | | | | | | | | |  |
| Lim  (2018) | Yes | Yes | Yes | Yes | No | Yes | Yes | No | No |
| Interesting characterisation of the models in the literature review:   * Costly relationship networks * Extreme value network models * Stochastic network models | | | | | | | | |  |
| Kikkawa, Magerman, Dhyne  (2020) | Yes |  |  |  | yes |  |  |  |  |
| Huneeus (2018) |  |  |  |  |  |  |  |  |  |
| Baqaee & Farhi  The macro impact of micro shocks: Beyond Hulten’s theorem(2019)  *Econometrica* |  |  |  |  |  |  |  |  |  |
| Baqaee & Farhi  Productivity and misallocation in General Equilibrium (2020), *Quarterly Journal of Economics* |  |  |  |  |  |  |  |  |  |
| Macroeconomics with heterogeneous agents and Input-Output networks (2019) |  |  |  |  |  |  |  |  |  |

Maybe add firm dynamics?