

Advanced Macroeconomics

Alessandro Ruggieri

University of Nottingham

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This course treats selected topics in macroeconomics, with an emphasis on quantitative works.

1. The basics of firm dynamics

We review the canonical models of firm dynamics (Hopenhayn 1992, Hopenhayn and Rogerson 1993), with a focus on how to generate firm turnover and job reallocation. Various applications will be explored (labor market policies, size-dependent distortions).

2. Firm dynamics with frictional labor market

We embed search frictions into a model of large firms, with a focus on how to generate unemployment, worker flows and wage inequality.

3. Firm growth with on-the-job search

We embed on-the-job search into a model of firm dynamics with frictional labor market. We explore how to incorporate workers heterogeneity and firm investment decision.

4. Large firms, search and trade frictions

We study the effect of trade frictions when firms are large and subject to search frictions, with a focus on how to generate trade-induced worker displacement, within and between-industry reallocation, and firm growth. We will also explore how to account for informality

Reading list

1. BERTOLA, Giuseppe; CABALLERO, Ricardo J. Cross-sectional efficiency and labour hoarding in a matching model of unemployment. *The Review of Economic Studies*, 1994, vol. 61, no 3, p. 435-456.

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7. COOPER, Russell; HALTIWANGER, John; WILLIS, Jonathan L. Search frictions: Matching aggregate and establishment observations. *Journal of Monetary Economics*, 2007, vol. 54, p. 56-78.
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9. COSAR, A. Kerem; GUNER, Nezh; TYBOUT, James. Firm dynamics, job turnover, and wage distributions in an open economy. *American Economic Review*, 2016, vol. 106, no 3, p. 625-63.
10. DAVIS, Steven J.; FABERMAN, R. Jason; HALTIWANGER, John C. The establishment level behavior of vacancies and hiring. *The Quarterly Journal of Economics*, 2013, vol. 128, no 2, p. 581-622.
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13. ELSBY, Michael; MICHAELS, Ryan. Marginal jobs, heterogeneous firms, and unemployment flows. *American Economic Journal: Macroeconomics*, 2013, vol. 5, no 1, p. 1-48
14. FAJGELBAUM, Pablo D. Labor market frictions, firm growth, and international trade. *The Review of Economic Studies*, 2020, vol. 87, no 3, p. 1213-1260

15. FELBERMAYR, Gabriel; IMPULLITTI, Giammario; PRATT, Julien. Firm dynamics and residual inequality in open economies. *Journal of the European Economic Association* 16.5 (2018): 1476-1539
16. GARICANO, Luis; LELARGE, Claire; VAN REENEN, John. Firm size distortions and the productivity distribution: Evidence from France. *American Economic Review*, 2016, vol. 106, no 11, p. 3439-79.
17. GOURIO, Francois; ROYS, Nicolas. Size-dependent regulations, firm size distribution, and reallocation. *Quantitative Economics*, 2014, vol. 5, no 2, p. 377-416.
18. GUNER, Nezh; RUGGIERI, Alessandro. Misallocation and Inequality. CFCM working paper 2021, no 1
19. GUNER, Nezh; VENTURA, Gustavo; XU, Yi. Macroeconomic implications of size-dependent policies. *Review of Economic Dynamics*, 2008, vol. 11, no 4, p. 721-744.
20. JOVANOVIC, Boyan. Selection and the Evolution of Industry. *Econometrica: Journal of the Econometric Society*, 1982, p. 649-670.
21. HELPMAN, Elhanan, et al. Trade and inequality: From theory to estimation. *The Review of Economic Studies*, 2017, vol. 84, no 1, p. 357-405
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29. MELITZ, Marc J. The impact of trade on intra-industry reallocations and aggregate industry productivity. *econometrica*, 2003, vol. 71, no 6, p. 1695-1725.

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