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March 14, 2016 – March 17, 2016

FINANCIAL MARKETS AND THE MACROECONOMY

Some of the material will draw from

- Walsh, C.E. (2013): Monetary Theory and Policy, MIT Press 2013 (3d edition): chapter 10.
- Razin, A. (2014): Understanding Global Crisis: An Emerging Paradigm: chapter 12.

The remaining material will be based on papers, slides and handouts.

1. Financial Imperfections: Overview and Introduction

- Christiano, L.; Ikeda, D. (2012): Government Policy, Credit Markets and Economic Activity. Mimeo.
- Quadrini, V. (2011): Financial Frictions in Macroeconomic Fluctuations, Federal Reserve Bank of Richmond's Economic Quarterly.

2. Evidence

- Gilchrist, S.; Zakrasjek, E. (2012): Credit Spreads and Business Cycle Fluctuations: Evidence from Corporate Bond and Stock Markets, American Economic Review.

3. Asymmetric Information and Costly State Verification Setup

- Walsh: chp 10.
- Bernanke, B.; Gertler, M.; Gilchrist, S. (1999): The Financial Accelerator in a Quantitative Business Cycle Framework, in: J. B. Taylor and M. Woodford, eds, Handbook of Macroeconomics, 1C, Amsterdam: North-Holland.

4. Limited Commitment. Credit Frictions as a Source of Amplification and Persistence

- Walsh: chp 10.
- Kiyotaki, N.; Moore, J. (1997): Credit Cycles, Journal of Political Economy, 105, 211-248.

5. Credit Market Imperfections and the Households Side. Liquidity Traps.

- Razin: chp 12.
- Eggertson, G.; Krugman, P. (2011): Debt, Deleveraging and the Liquidity Trap, Quarterly Journal of Economics.
- Mian, A.; Sufi, A. (2011): House Prices, Home Equity-based Borrowing, and the U.S. Household Leverage Crisis, American Economic Review.
- Mian, A.; Sufi, A. (2014): What Explains the 2007-2009 Drop in Employment?, Econometrica.
- Mian, A.; HIK, R.; Sufi, A. (2013): Household Balance Sheets, Consumption, and the Economic Slump, Quarterly Journal of Economics.

Venue

Leipzig University, Faculty of Economics and Management Science, Grimmaische Straße 12, 04109 Leipzig, seminar room 16

Registration

Please contact Monika Sprenger, E-mail: sprenger@wifa.uni-leipzig.de, until 29 February 2016.