

FINC-GB.4383.20

Macro-Finance

Thomas Philippon - NYU

Spring 2019

We meet Thursday 9am-12pm in KMC 9-191 Gruber Conference Room. There are 14 classes. The class covers advanced topics at the intersection of macroeconomics, monetary economics, banking, and international finance. We cover building blocks in macroeconomics and finance.

Organization of the class. The class is based on a list of topics and papers and organized in two parts. In the first part we cover the building blocks for macro-finance, and I do more of the teaching. In the second part we cover a list of questions, and you do more of the presenting.

- **T** (teach): I will teach these papers, and also hand out some teaching notes
- **P** (present): You will present these papers.
 - The presentation should last 20 minutes.
 - Do not include a conclusion slides. I will do the conclusion myself at the end of each session.
- **O** (other): These are other papers related to the topics

1 Building Blocks.

1. Basics of Financial Contracting (**T**)
 - (a) Debt Overhang, Risk Shifting: Modigliani and Miller (1958), Jensen and Meckling (1976), Myers (1977), Philippon and Schnabl (2013)
 - (b) Liquidity: Diamond and Dybvig (1983), Ennis and Keister (2009), Allen and Gale (2000)
 - (c) Adverse selection and Moral Hazard: Diamond (1984), Myers and Majluf (1984), Holmström (1979), Holmström and Tirole (1997), Philippon and Skreta (2012), Kurlat (2013), Faria-e-Castro et al. (2017)
 - (d) Intermediation: Calomiris and Kahn (1991), Shleifer and Vishny (1992), Shleifer and Vishny (1997)

(e) Dynamics: Kiyotaki and Moore (1997), Gomes (2001), Hennessy and Whited (2007)

2. Asset Pricing

(a) Survey: Cochrane (2017)

(b) Disasters Barro et al. (2013), Tsai and Wachter (2015)

(c) Bubbles: Glaeser and Nathanson (2014), Titman et al. (2014), Brunnermeier and Oehmke (2012), Giglio et al. (2014), Martin and Ventura (2011), Martin and Ventura (2014)

3. Investment and Q Theory

(a) Q Theory of Investment, Philippon (2009)

(b) Disagreement among managers and investors, Stein (1996), Gilchrist et al. (2005)

4. Basic New Keynesian Model

(a) Tricky welfare approximation, Woodford (2003), Kim and Kim (2003)

(b) Borrower/Savers model, Eggertsson and Krugman (2012)

(c) Price dynamics Alvarez et al. (2016)

(d) **P:Wang (2019)**

(e) **P: García-Schmidt and Woodford (2019)**

2 Topics.

1. Fiscal Policy

(a) Baxter and King (1993), Blanchard et al. (2014), Martin and Philippon (2014), Nakamura and Steinsson (2014),

(b) **P: Lorenzoni and Werning (2013)** (including comparison of timing assumption between Calvo (1988), Eaton and Gersovitz (1982), and Cole and Kehoe (2000))

(c) **P: Blanchard (2019)**

2. Imperfect Competition

(a) Basic models, efficiency of entry, 2 sided platforms

(b) Gutiérrez and Philippon (2017, 2018, 2019)

(c) **P: Olley and Pakes (1996)**

(d) Technology adoption: **P:Higgins (2019)**

(e) Banks: Drechsler et al. (2014), **P: Egan et al. (2017), Drechsler et al. (2017)**

3. Misallocation

(a) Baqaee and Farhi (2018), Midrigan and Xu (2011)

(b) **P:Hsieh and Klenow (2009)**

(c) **P:Haltiwanger et al. (2018)**

4. Trade

(a) **P: Costinot and Werning (2018)**

5. Household Finance

(a) Mian and Sufi (2009), Eggertsson and Krugman (2012), Midrigan and Philippon (2010), Werning (2015)

(b) **P: Kaplan et al. (2016)**

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