

Advanced Topics in Macroeconomics II

Spring 2011
SHUFE

Meeting Time: Wednesday 6:00pm - 8:35pm

Meeting Place: 4203

Course webpage: <http://individual.utoronto.ca/zheli/teach.html>

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Description of the Course:

This is an advanced Ph.D (Master-PhD stream) course on Macroeconomics, aimed at second year Ph.D (Master-PhD stream) students. This course will be based on a collection of papers that focus on financial crises and business cycles. It is hoped that some of the papers presented in the course will lead to further exploration and possibly ideas for PhD theses.

Prerequisite:

Advance Macroeconomics I, II, III

Evaluation and Assessment:

Students are expected to actively participate in the course, work out the models presented in the class, read other listed papers, write a term paper and give presentations.

Presentation: 50%

Term paper: 50%;

Students are expected to form a team of two participants and present a paper chosen

from the reading list. The duration of a presentation is 90 minutes (two students). The marks on presentation will depend on the level of difficulty of the article, the preparation, and the delivery. (40 marks)

Students are also expected to write a term paper on a topic closely related to the articles presented in the course. In the term paper, it is crucial to raise an interesting question and give a comprehensive literature review around that question. (50 marks)

A 15 minutes presentation of the proposal for your term paper is required. (10 marks)

Reading List:

** marked as papers that will be covered in the lectures.

1. **Bernanke, Ben and Mark Gertler, 1990. "Financial Fragility and Economic Performance." *The Quarterly Journal of Economics*, 105(1): 87-114.
2. Brunnermeier, K. Markus, 2009. "Deciphering the Liquidity and Credit Crunch 2007-2008." *Journal of Economic Perspectives*, 23 (1), 77-100.
3. Caballero, Ricardo J.. 2010. "Macroeconomics after the Crisis: Time to Deal with the Pretense-of-Knowledge Syndrome." *Journal of Economic Perspectives*, 24(4): 85–102.
4. **Cerra, Valerie, and Sweta Chaman Saxena. 2008. "Growth Dynamics: The Myth of Economic Recovery." *American Economic Review*, 98(1): 439–57.
5. Coval, Joshua, Jakub Jurek, and Erik Stafford, 2009. "The Economics of Structured Finance." *Journal of Economic Perspectives*, 23(1): 3–25.
6. Dewatripont, Mathias, Jean-Charles Rochet, and Jean Tirole, 2010. *Balancing the Banks, Global Lessons from the Financial Crisis*, Princeton University Press.
7. Ennis, Huberto M., and Todd Keister. 2009. "Bank Runs and Institutions: The Perils of Intervention." *American Economic Review*, 99(4): 1588–1607.
8. Fostel, A. and J. Geanakoplos, 2008. "Leverage Cycle and the Anxious Economy." *American Economic Review*, 98(4): 1211-1244.

9. García-Cicco, Javier, Roberto Pancrazi, and Martin Uribe, 2010. "Real Business Cycles in Emerging Countries?" *American economic Review*, 100 (5): 2510–2531.
10. **Geanakoplos, John, 2009. "The Leverage Cycle." Manuscript.
11. **Gertler, Mark, and Nobuhire Kiyotaki, 2009. "Financial Intermediation and Credit Policy in Business Cycle Analysis." Manuscript.
12. **Hall, Robert E.. 2010. "Why Does the Economy Fall to Pieces after a Financial Crisis?" *Journal of Economic Perspectives*, 24(4): 3–20.
13. Hanson, Samuel G, Anil K. Kashyap, and Jeremy C. Stein. 2011. "A Macroprudential Approach to Financial Regulation." *Journal of Economic Perspectives*, 25(1): 3–28.
14. **Hellman, T., K. Murdock and J. Stiglitz, 2000. "Liberalization, Moral Hazard in Banking, and Prudential Regulation: Are Capital Requirements Enough?" *American Economic Review* 90(1).
15. Iacoviello, Matteo, 2005. "House Prices, Borrowing Constraints, and Monetary Policy in the Business Cycle." *American Economic Review* 95(3).
16. Ivashina, Victoria, and David Scharfstein. 2010. "Loan Syndication and Credit Cycles." *American Economic Review, Papers & Proceedings* 100 (2): 57–61.
17. Kiyotaki, Nobuhiro, and John Moore, 2008. "Liquidity, Business Cycles, and Monetary Policy." Manuscript.
18. **Krishnamurthy, Arvind. 2010. "Amplification Mechanisms in Liquidity Crises." *American Economic Journal: Macroeconomics*, 2(3): 1–30.
19. **Mendoza, Enrique G., 2010. "Sudden Stops, Financial Crises, and Leverage", *American economic Review*, 100 (5): 1941-1966.
20. Mian, Atif, and Amir Sufi. 2011. "House Prices, Home Equity-Based Borrowing, and the U.S. Household Leverage Crisis." *American Economic Review*, forthcoming.
21. Mian, Atif, and Amir Sufi. 2010. "The Great Recession: Lessons from Microeconomic Data." *American Economic Review, Papers & Proceedings* 100(2): 51–56.

22. Mishkin, Frederic S.. 2009. "Is Monetary Policy Effective during Financial Crises?" *American Economic Review*, 99(2): 573–77.
23. Morrison, Alan D., and Lucy White. 2005. "Crises and Capital Requirements in Banking." *American Economic Review*, 95(5): 1548–1572.
24. ** Shin, Hyun Song, 2009. "Securitisation and Financial Stability." *The Economic Journal*, 119, 309–332.
25. Shin, Hyun Song, 2009. "Reflections on Northern Rock: The Bank Run That Heralded the Global Financial Crisis." *Journal of Economic Perspectives*, 23(1): 101–119.
26. ** Shleifer, Andrei, and Robert W. Vishny, 2010. "Banking and Securitization, Asset Fire Sales and Credit Easing." *American Economic Review: Papers & Proceedings* 100 (2): 46–50.