

Barcelona
MACROECONOMICS
Summer School
BMSS 2012



Centre de Recerca
en Economia Internacional



INTRODUCTION

The fourteenth edition of CREI's Barcelona Macroeconomics Summer School (BMSS 2012) will be held on the Ciutadella campus of Universitat Pompeu Fabra (UPF) in Barcelona between June 25 and July 6, 2012. BMSS 2012 will offer a variety of courses taught by recognized experts in their fields. The courses will cover recent developments in different areas of macroeconomics, including growth, international finance and trade, and monetary and fiscal policies. The courses are aimed at graduate students specializing in macroeconomics or related fields, as well as faculty members or researchers willing to brush up their knowledge of the field and expose themselves to the latest advances in academic research. During the summer school, faculty will be available to participants for discussion of research ideas and projects.

BMSS 2012 will take place on UPF's main campus, located in downtown Barcelona, at walking distance to the beach. In addition to the intellectual excitement, summer school participants are guaranteed to find in Barcelona cultural, music and sports events that suit every taste and pocket.

BMSS 2012 is organized by the *Center for Research in International Economics* (CREI), a research institute sponsored by the Generalitat de Catalunya and Universitat Pompeu Fabra, in fulfillment of its aim to promote the dissemination of research in macroeconomics and related areas. Further information about CREI can be found at <http://www.crei.cat>

We look forward to meeting you in our Summer School!

COURSES

Week 1 June 25 – June 29

The Macroeconomics of Financial Globalization

Instructor: Alberto Martín

Selected Topics:

- Macroeconomic effects of financial liberalization: conventional view and evidence
- A workhorse model of capital flows and financial frictions
- Policy implications: capital controls and systemic risk in the open economy

- Addressing global imbalances: the role of financial reform. (Application 1)
- Capital flows, the recent financial crisis, and Europe's banking woes. (Application 2)

Dates: June 25 – June 29

Time: Lectures: 09:00 – 11:00 h

Price: 600 Euros (Students: 400 Euros)

Economic Growth and Development

Instructor: Xavier Sala-i-Martin

Selected Topics:

- The world distribution of income
- Growth, poverty and inequality: the role of globalization
- Neoclassical growth theory: the power of diminishing returns
- The effectiveness of international aid in promoting economic development. Randomized field experiments
- The role of incentives

- Government, taxation, the Welfare State and growth
- Ideas and growth: R&D, patents. AIDS, malaria and generics
- Africa: successes, failures, diagnostics and priorities

Dates: June 25 – June 29

Time: 11:15 – 13:15 h

Price: 600 Euros (Students: 400 Euros)



Banks, Financial Innovation, and Systemic Risk

Instructor: Nicola Gennaioli

Selected Topics:

- Shadow banking, neglected risks and the crisis of 2007-2008
- How markets plummet: financial innovation, leverage and fire sales

- The two-way link between government default risk and banking system fragility
- Systemic risk: implications for capital regulation and monetary policy

Dates: June 25 – June 29

Time: 14:15 – 16:15 h

Price: 600 Euros (Students: 400 Euros)



Sovereign Debt Crises: Theory and Evidence

Instructor: Fernando Broner

Selected Topics:

- What are the costs of sovereign default?
Reputation and sanctions
- Market structure and defaults: secondary markets and collateral damage
- Rollover crises: lender of last resort and moral hazard

- Solvency crises: debt overhang, buybacks and restructuring
- Lessons for Europe

Dates: June 25 – June 29

Time: 16:30 – 18:30 h

Price: 600 Euros (Students: 400 Euros)

Week 2 July 2 – July 6

Labor Markets and Monetary Policy

Instructor: Jordi Galí

Selected Topics:

- Introducing unemployment in New Keynesian models
- Unemployment and the design of monetary policy
- The return of the wage Phillips curve
- Alternative modelling approaches

Dates: July 2 – July 6

Time: 08:30 – 10:30 h

Price: 600 Euros (Students: 400 Euros)



Credit, Bubbles and Business Cycles

Instructor: Jaume Ventura

Selected Topics:

- Credit and business cycles: theory and evidence
- The role of asset prices: fire sales and bubbles
- A macroeconomic framework to study credit, bubbles and business cycles

- Application (1): international propagation of financial shocks and global imbalances
- Application (2): the 2007-08 financial crisis and the ongoing sovereign debt crisis

Dates: July 2 – July 6

Time: 10:45 – 12:45 h

Price: 600 Euros (Students: 400 Euros)

Sovereign Debt Crises: Past, Present and Future

Instructor: Hans Joachim Voth

Selected Topics:

- Is this time different? Sovereign debt crises over the long run
- Illiquidity and insolvency: measurement and conceptual issues
- Punishment vs. reputation in theory and practice

- The price of default: investor returns from sovereign debt, 1850-2010
- Stability at what price? Solvency, austerity, and social instability
- Regulating stability: plans for a “New Financial Architecture”

Dates: July 2 – July 6

Time: 13:30 – 15:30 h

Price: 600 Euros (Students: 400 Euros)



Globalization, Technology and Inequality

Instructor: Gino Gancia

Selected Topics:

- The new global economy: the ICT revolution, global supply chains and the rise of China
- Technology, geography and trade: a quantitative analysis

- Offshoring and the gains from globalization
- Trade, offshoring and wage inequality
- Sustaining growth: innovation and imitation in the global economy

Dates: July 2 – July 6

Time: 15:45 – 17:45 h

Price: 600 Euros (Students: 400 Euros)



Macroeconomic Effects of Fiscal Policy

Instructor: Fabio Canova

Selected Topics:

- Empirical evidence on the effect of spending and tax shocks in closed and open economies
- Theoretical models of fiscal policy
 - a. RBC
 - b. New Keynesian
 - c. Search

- Fiscal policy and debt crisis: is austerity the answer?
- Fiscal rules vs. discretion

Dates: July 2 – July 6

Time: 18:00 – 20:00 h

Price: 600 Euros (Students: 400 Euros)

BIOGRAPHICAL SKETCHES

Fernando Broner earned his PhD in Economics at the Massachusetts Institute of Technology (MIT) in 2000. Currently, he is a Senior Researcher at the Center for Research in International Economics (CREI) and an Adjunct Professor at Universitat Pompeu Fabra. He is also the Director of the MSc. in International Trade, Finance and Development at the Barcelona Graduate School of Economics and an advisor at the Bank of Spain's International Economics Division. He is also a Research Affiliate at the CEPR. He has been an Assistant Professor at the University of Maryland and a Visiting Scholar at the IMF and World Bank. He has served as an associate editor of the *Journal of International Economics*. He was awarded a European Research Council Starting Grant in 2010. His research interests include international finance and macroeconomics.

Selected publications:

- "Why do Emerging Economies Borrow Short Term?", (with G. Lorenzoni and S. Schmukler), *Journal of the European Economic Association*, forthcoming.
- "Globalization and Risk Sharing", (with J. Ventura), *The Review of Economic Studies*, 78, 49-82, 2011.
- "Sovereign Risk and Secondary Markets", (with J. Ventura and A. Martin), *The American Economic Review*, 100 (4), 1523-1555, 2010.
- "Discrete Devaluations and Multiple Equilibria in a First Generation Model of Currency Crises", *Journal of Monetary Economics*, 55 (3), 592-605, 2008.
- "When in Peril Retrench: Testing the Portfolio Channel of Contagion", (with G. Gelos and C. Reinhart), *Journal of International Economics*, 69 (1), 203-230, 2006.
- "Determining Underlying Macroeconomic Fundamentals During Emerging Market Crises: Are Conditions as Bad as They Seem?", (with M. Aguiar), *Journal of Monetary Economics*, 53 (4), 699-724, 2006.





Fabio Canova earned his PhD in Economics at the University of Minnesota in 1988. He held academic positions at Brown University, Rochester University, the European University Institute, the University of Catania, the University of Modena, Universitat Pompeu Fabra and University of Bern. He has been a Research Professor with IGIER-Bocconi and Part-Time Professor at the University of Southampton and the London Business School. He is currently holding a Research Professorship with ICREA. He has taught courses at various summer schools, at the Bank of Italy, the ECB, the Bank of England, UK Treasury and UK Foreign Office, Riksbank, Bundesbank, Swiss National Bank, Bank of Argentina, Bank of Brazil, Bank of Spain, Bank



of Portugal, Reserve Bank of South Africa, Bank of Peru among other places and he has been a consultant at the Bank of England, the IMF, the ECB, the Bank of Spain and the Bank of Italy. He is a Research Fellow at the CEPR, a Research Associate at CREI, a Member of the CEPR Dating Committee, a Member of the Scientific Committee of the Euro Area Business Cycle Network (EABCN), a Member of the Advisory Board of Dynare, Program Director of the Budapest School for Central Banking Studies, Founder of the Applied Macroeconomic Network (AMeN) and co-editor of the *Journal of the European Economic Association*. His research interests include quantitative macroeconomics, monetary theory, fiscal policy, international business cycles and macroeconometrics.

Selected publications:

- *Methods for Applied Macroeconomic Research*, Princeton University Press, (Princeton, NJ), 2007.
- “The Dynamics of U.S. Inflation: Can Monetary Policy Explain the Changes?”, (with F. Ferroni), *Journal of Econometrics*, 167, 47-60, 2012.
- “Fiscal Policy, Pricing Frictions and Monetary Policy Accommodation”, (with E. Pappa), *Economic Policy*, 68, 555-598, 2011.
- “Business Cycle Measurement with Some Theory”, (with M. Paustian), *Journal of Monetary Economics*, 48, 345-361, 2011.
- “Does Money Matter in Shaping Domestic Business Cycles. An International Investigation”, (with T. Menz), *Journal of Money Credit and Banking*, 43(4), 577-609, 2011.
- “Multiple Filtering Devices for the Estimation of Cyclical DSGE Models”, (with F. Ferroni), *Quantitative Economics*, 2, 73-98, 2011.

Jordi Gali earned his PhD in Economics at the Massachusetts Institute of Technology (MIT) in 1989. Currently he is Director and Senior Researcher of the Center for Research in International Economics (CREI), Professor at Universitat Pompeu Fabra and Research Professor at the Barcelona Graduate School of Economics. He has held academic positions at New York University and Columbia University. He has been a Visiting Professor at MIT. He is a Research Fellow at the CEPR, a Research Associate at the NBER, and a Fellow of the Econometric Society. He has served as a co-editor of the *Journal of the European Economic Association* and co-director of the CEPR International Macroeconomics Programme. He is currently the President of the European Economic Association. He was co-recipient of the 2005 Yrjö Jahnsson Award. His research interests include macroeconomics and monetary theory.

Selected publications:

- *Unemployment Fluctuations and Stabilization Policies*, The MIT Press, (Cambridge, MA), 2011.
- *Monetary Policy, Inflation and the Business Cycle: An Introduction to the New Keynesian Framework*, Princeton University Press, (Princeton, NJ), 2008.
- "Labor Market Frictions and Monetary Policy: A New Keynesian Model with Unemployment", (with O. Blanchard), *American Economic Journal: Macroeconomics*, 2 (2), 1-30, 2010.
- "Technology, Employment, and the Business Cycle: Do Technology Shocks Explain Aggregate Fluctuations?," *The American Economic Review*, 249-271, 1999.
- "Monetary Policy Rules and Macroeconomic Stability: Evidence and Some Theory", (with R. Clarida and M. Gertler), *The Quarterly Journal of Economics*, 115(1), 147-180, 2000.
- "The Science of Monetary Policy: A New Keynesian Perspective", *Journal of Economic Literature*, 37(4), 1661-1707, 1999.



Gino Gancia earned his PhD in Economics at the Institute for International Economic Studies (Stockholm University) in 2003. Currently, he is a Senior Researcher at the Center for Research in International Economics (CREI) and Affiliated Professor at the Barcelona Graduate School of Economics. He is also Research Fellow at the CEPR and Research Associate at IEW, University of Zurich. He is Member of the Editorial Board of the *Review of Economic Studies* and associate editor of the *Journal of the European Economic Association* and *The Economic Journal*. He has been a Visiting Scholar at MIT during 2001-2003 and has been awarded the 2009 Excellence Award in Global Economic Affairs (Kiel Institute for the World Economy) and the 2004 Young Economist Award (European Economic Association).



His research interests include international trade theory, economic growth and macroeconomics.

Selected publications:

- “Competing Engines of Growth: Innovation and Standardization”, (with D. Acemoglu and F. Zilibotti), *Journal of Economic Theory*, forthcoming.
- “Technological Change and the Wealth of Nations”, (with F. Zilibotti), *Annual Review of Economics*, 1(1), 93-120, 2009.
- “Openness, Government Size and the Terms of Trade,” (with P. Epifani), *The Review of Economic Studies*, 76, 629-668, 2009.
- “The Skill Bias of World Trade”, (with P. Epifani), *The Economic Journal*, 118, 927-960, 2008.
- “North-South Trade and Directed Technical Change”, (with A. Bonfiglioli), *Journal of International Economics*, 76, 276-296, 2008.
- “Increasing Returns, Imperfect Competition and Factor Prices”, *The Review of Economics and Statistics*, 88, 583-598, 2006.

$$\delta = \frac{1 - \sqrt{1 - 4\beta a^2}}{2a\beta} \in (0, 1)$$

$$r_t = \rho + \phi_\pi \pi_t + \phi_x$$

Nicola Gennaioli earned his PhD in Economics at Harvard University in 2004. He is Senior Researcher at the Center for Research in International Economics (CREI), Adjunct Professor at Universitat Pompeu Fabra and Research Professor at the Barcelona Graduate School of Economics. He is also a Research Affiliate at CEPR. From 2004-2007 he was Assistant Professor at IIES, Stockholm University. In 2009-2010 he was a Postdoctoral Fellow at Harvard University. In 2009 he obtained an ERC starting grant. His fields of expertise are psychology and economics, finance, political economy and economic development. He has published several articles in major international journals such as *The Quarterly Journal of Economics*, the *Journal of Political Economy*, *The American Economic Review*, the *Journal of Financial Economics*, *The Review of Financial Studies*, the *Journal of the European*



Economic Association and the *Journal of Economic Growth*. He is associate editor of *The Review of Economic Studies*, *The Economic Journal*, the *Journal of the European Economic Association*, and the *Journal of Development Economics*.

Selected publications:

- “Salience Theory of Choice Under Risk”, (with A. Shleifer and P. Bordalo), *The Quarterly Journal of Economics*, forthcoming in 2012.
- “Neglected Risks, Financial Innovation, and Financial Fragility”, (with A. Shleifer and R. Vishny), *Journal of Financial Economics*, forthcoming in 2012.
- “What Comes to Mind”, (with A. Shleifer), *The Quarterly Journal of Economics*, 125(4), 1399-1433, 2010.
- “Judicial Discretion in Corporate Bankruptcy”, (with S. Rossi), *The Review of Financial Studies*, 23(11), 4078-4114, 2010.
- “Economics and Politics of Alternative Institutional Reforms”, (with F. Caselli), *The Quarterly Journal of Economics*, 123 (3), 1197-1250, 2008.
- “The Evolution of Common Law”, (with A. Shleifer), *Journal of Political Economy*, 115, 43-68, 2007.

Alberto Martin earned his PhD in Economics at Columbia University in 2005. Currently, he is a Senior Researcher at the Center for Research in International Economics (CREI), an Adjunct Professor at Universitat Pompeu Fabra and an Affiliated Professor at the Barcelona Graduate School of Economics. He is also Research Affiliate at the CEPR. He has been a visiting scholar at the International Monetary Fund, a consultant for the United Nations Development Programme, and an economist in Argentina's Ministry of Economics. He has received the Lamfalussy Research Fellowship (European Central Bank) and the Fulbright Fellowship. His work has appeared in *The American Economic Review*, the *Journal of Economic Theory* and the *Journal of International Economics*, among others. His research interests include macroeconomics, finance and international economics.

Selected publications:

- "Understanding Bubbly Episodes", (with V. Carvalho and J. Ventura), *The American Economic Review P&P*, forthcoming.
- "International Capital Flows and Credit Market Imperfections: A Tale of Two Frictions", (with F. Taddei), *Journal of International Economics*, forthcoming.
- "Economic Growth with Bubbles", (with J. Ventura), *The American Economic Review*, forthcoming.
- "Theoretical Notes on Bubbles and the Current Crisis", (with J. Ventura), *IMF Economic Review*, 59 (1), 6-40, 2011.
- "Sovereign Risk and Secondary Markets", (with F. Broner and J. Ventura), *The American Economic Review*, 100(4), 1523-1555, 2010.
- "A Model of Collateral, Investment, and Adverse Selection", *Journal of Economic Theory*, 144(4), 1572-1588, 2009.



Xavier Sala-i-Martin earned his PhD in Economics at Harvard University in 1990. Currently he is Professor in the Department of Economics at Columbia University, and a Visiting Professor at UPF. He has been an Associate Professor at the Department of Economics at Yale University and Visiting Professor at Harvard University. He has also taught at Universitat Pompeu Fabra, Harvard University, New York University, Yale University and the International Monetary Fund, among other places. He is senior economic adviser to the World Economic Forum (WEF), author of the Global Competitiveness Report of the WEF, Research Associate at the NBER and has been consultant for the World Bank and the International Monetary Fund. In 2006 he was the President of FC Barcelona. His research



interests include economic growth, macroeconomics, public finance and social security, health and population economics, and monetary economics.

Selected publications:

- “The World Distribution of Income: Falling Inequality and Convergence, Period”, *The Quarterly Journal of Economics*, 121(2), 351-397, 2006.
- “Determinants of Long-Term Growth: A Bayesian Average of Classical Estimates (Bace) Approach”, (with G. Doppelhoffer and R. Miller), *The American Economic Review*, 94(4), 813-835, 2004.
- “The Economic Tragedy of the XXth Century: Growth in Africa”, (with E.V. Artadi), in *African Competitiveness Report of the World Economic Forum*, September 2003.
- *Economic Growth*, (with R. Barro), 2nd Edition The MIT Press, (Cambridge, MA), 2003.
- “Health Investment Complementarities under Competing Risks”, (with W. Dow and T. Philipson), *The American Economic Review*, 89(5), 1358-71, 1999.

Jaume Ventura earned his PhD in Economics at Harvard University in 1995. Currently he is a Senior Researcher at the Center for Research in International Economics (CREI) and a Professor at Universitat Pompeu Fabra. Previously, he has held academic positions at the MIT and the University of Chicago. He has served as a co-director of the International Macroeconomics Programme of the CEPR and also as an editor of *The Economic Journal*. He is a Research Fellow at the CEPR, a Research Associate at the NBER, and a Fellow of the European Economic Association. He has served as a consultant to the IMF, the World Bank and the Inter-American Development Bank. His research interests include international economics and macroeconomics.



Selected publications:

- "Economic Growth with Bubbles", (with A. Martin), *The American Economic Review*, forthcoming.
- "Bubbles and Capital Flows", *Journal of Economic Theory*, forthcoming.
- "Theoretical Notes on Bubbles and the Current Crisis", (with A. Martin), *IMF Economic Review*, 59(1), 6-40, 2011.
- "Globalization and Risk Sharing", (with F. Broner), *The Review of Economic Studies*, 78, 49-82, 2011.
- "Sovereign Risk and Secondary Markets", (with F. Broner and A. Martin), *The American Economic Review*, 100(4), 1523-2555, 2010.
- "Comparative Advantage and the Cross-section of Business Cycles", (with A. Kraay), *Journal of the European Economic Association*, 5(6), 1300-1333, 2007.
- "The Dot-Com Bubble, the Bush Deficits, and the US Current Account", (with A. Kraay), in *G7 Current Account Imbalances: Sustainability and Adjustment*, R. Clarida (ed.), University of Chicago Press, 2007.

Hans-Joachim Voth earned his PhD in Economics at Oxford University in 1996. Currently he is ICREA Research Professor of Economics and Economic History at UPF. He is a CEPR Research Fellow, and an associate editor of *The Quarterly Journal of Economics*. He has won the Gino Luzzatto Prize for the best thesis in European economic history, the Alexander Gerschenkron Prize for best thesis on non-US topics, and a Leverhulme Prize for outstanding researchers under the age of 35. His work has appeared in *The Quarterly Journal of Economics*, *The American Economic Review*, the *European Economic Review*, *The Journal of Economic History*, *Explorations in Economic History*, and in a book with Oxford University Press. He has held visiting appointments at Stanford, MIT, Princeton and Stern Business School (NYU). A former consultant at McKinsey & Co., he has also acted as an advisor to the German Finance Ministry's Working Group on Financial Market Reform; to the CEO of the



German Stock Exchange; and to the German Trade Unions Movement (DGB). His research interests are in financial and economic history and macroeconomics.

Selected publications:

- “Debt, Default and Empire: State Capacity and Economic Development in England and Spain in the Early Modern Period”, *The Economic History Review*, forthcoming.
- “Persecution Perpetuated: The Medieval Origins of Anti-Semitic Violence in Nazi Germany”, (with N. Voigtländer), *The Quarterly Journal of Economics*, forthcoming.
- “Lending to the Borrower from Hell: Debt and Default in the Age of Philip II, 1556-1598”, (with M. Drelichman), *The Economic Journal*, 121, 1205-1227, 2011.
- “Free Flows, Limited Diversification: Openness and the Fall and Rise of Stock Market Correlations, 1890-2001”, (with D. Quinn), in L. Reichlin & K. West (eds.) *NBER Book Series, NBER International Seminar on Macroeconomics (ISOM)*, 20, Chicago: University of Chicago Press, 2010.
- “Debt Sustainability in Historical Perspective”, (with M. Drelichman), *Journal of the European Economic Association*, 6(2-3), 657-67, 2008.
- “Riding the South Sea Bubble”, (with P. Temin), *The American Economic Review*, 94(5), 1654-1668, 2004.

Further information on **BMSS 2012** can be obtained
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