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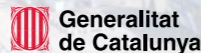
[www.crei.cat](http://www.crei.cat) or by contacting us at [bmss@crei.cat](mailto:bmss@crei.cat)



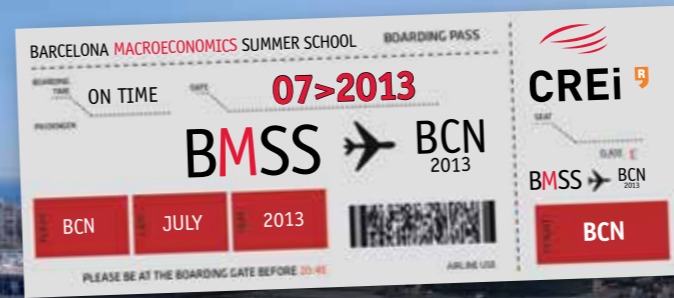
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Academic unit of the  
**barcelona**gse  
graduate school of economics



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# Barcelona MACROECONOMICS Summer School BMSS 2013



**CREi**

Centre de Recerca  
en Economia Internacional

# INTRODUCTION

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The fifteenth edition of CREI's Barcelona Macroeconomics Summer School (BMSS 2013) will be held on the Ciutadella campus of Universitat Pompeu Fabra (UPF) in Barcelona, on July 1-5 and July 15-19, 2013. BMSS 2013 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 for discussion of research ideas and projects.

BMSS 2013 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 2013 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

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Week 1 July 1 – July 5

## *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
- Sources of unemployment fluctuations
- The gains from wage flexibility

**Dates:** July 1 – July 5

**Time:** 09:00 – 10:30 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:** July 1 – July 5

**Time:** 11:00 – 12:30 h

**Price:** 600 Euros (Students: 400 Euros)

## *International Trade and Macroeconomics*

**Instructor:** Gino Gancia

### **Selected Topics:**

- Technology, geography and trade: a quantitative analysis
- Offshoring, global supply chains and the rise of China
- Trade, global imbalances and the Great Recession

- Trade and labor markets: wage inequality and unemployment in a global economy
- International markets and national governments

**Dates:** July 1 – July 5

**Time:** 13:30 – 15:00 h

**Price:** 600 Euros (Students: 400 Euros)

## *Manias, Panics and Crashes: Past, Present, Future*

**Instructor:** Hans Joachim Voth

### **Selected Topics:**

- Why are there so many asset price bubbles? What can central banks and regulators do to stop them?
- Anatomies of banking crises: where do they come from? How do they differ?

- Sovereign debt crises: can ‘investor panics’ be self-fulfilling? How can sovereign lending be made safe?
- Links between the real economy and the financial sector: lessons from the Great Depression

**Dates:** July 1 – July 5

**Time:** 15:30 – 17:00 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 1 – July 5

**Time:** 17:30 – 19:00 h

**Price:** 600 Euros (Students: 400 Euros)

Week 2 July 15 – 19

## *The Growth of Finance, Financial Innovation, and Systemic Risk*

**Instructor:** Nicola Gennaioli

**Selected Topics:**

- The growth of the size and income of the financial sector: facts and theory
- Macroeconomic causes of the growth of finance, and its consequences for economic growth and financial fragility
- The rise of financial innovation and shadow banking: the crisis of 2007-2008

- The dangerous embrace between the financial sector and the government: the European sovereign debt crisis

**Dates:** July 15 – July 19

**Time:** 08:30 – 10:00 h

**Price:** 600 Euros (Students: 400 Euros)

## *The Macroeconomics of Financial Globalization*

**Instructor:** Alberto Martín

### **Selected Topics:**

- Financial globalization: the facts
- Macroeconomic effects of financial globalization: conventional view and evidence
- Rethinking the convention: a workhorse model of capital flows and financial frictions

- Policy implications: the case for capital controls
- Causes and consequences of global imbalances
- Capital flows, the financial crisis of 2007-08, and Europe's banking woes.

**Dates:** July 15 – July 19

**Time:** 10:15 – 11:45 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:** July 15 – July 19

**Time:** 12:00 – 13:30 h

**Price:** 600 Euros (Students: 400 Euros)



## *Learning, Asset Prices and Macro Policy*

**Instructor:** Albert Marcet

### **Selected Topics:**

- Learning, expectations formation and convergence to rational expectations
- Monetary policy: stability of monetary policy under learning, explaining US experience on monetary policy, and implications for Taylor rule. Hyperinflations

- Fiscal policy, stability and fiscal sustainability under learning
- Stock price volatility
- From adaptive learning to internal rationality
- Empirical issues: model testing, expectations surveys

**Dates:** July 15 – July 19

**Time:** 14:15 – 15:45 h

**Price:** 600 Euros (Students: 400 Euros)

## *Recent Developments in Forecasting: Estimation and Evaluation*

**Instructor:** Barbara Rossi

### **Selected Topics:**

- Recent developments in forecasting methodologies (e.g. forecasting with many predictors)
- New methods for evaluating models' forecasts (including evaluating models' absolute and relative predictive ability)
- Application 1: How well can we forecast inflation and output growth?

- Application 2: Do reduced-form models forecast better than DSGE models?

**Dates:** July 15 – July 19

**Time:** 16:00 – 17:30 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 on International Economics (CREI), an Adjunct Professor at Universitat Pompeu Fabra, a Visiting Professor at MIT, and a Research Affiliate at CEPR. He has been Director of the MSc. in International Trade, Finance and Development at the Barcelona GSE, an advisor at the Bank of Spain's Division of International Economics, a Visiting Scholar at the IMF and World Bank, and an Assistant Professor at the University of Maryland. 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:

- "Gross Capital Flows: Dynamics and Crises", (with A. Erce, S. Schmukler, and T. Didier), *Journal of Monetary Economics*, forthcoming.
- "Why do Emerging Economies Borrow Short Term?", (with G. Lorenzoni and S. Schmukler), *Journal of the European Economic Association*, 11(S1), 67-100, 2013.
- "Globalization and Risk Sharing", (with J. Ventura), *The Review of Economic Studies*, 78(1), 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.



**Jordi Galí** earned his PhD in Economics at the Massachusetts Institute of Technology (MIT) in 1989. Currently he is Director and Senior Researcher at the Center for Research in International Economics (CREI), Professor at Universitat Pompeu Fabra and Research Professor at the Barcelona GSE. 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. In 2012 he served as President of the European Economic Association. Among other awards, Galí received the National Research Prize from the Government of Catalonia in 2011, and was co-recipient of the 2005 Yrjö Jahnsson Award. His research interests include macroeconomics and monetary theory.

### Selected publications:

- *Unemployment Fluctuations and Stabilization Policies: A New Keynesian Perspective*, Cambridge (MA): The MIT Press, 2011.
- *Monetary Policy, Inflation and the Business Cycle: An Introduction to the New Keynesian Framework*, Princeton (NJ): Princeton University Press, 2008.
- "Labor Markets and Monetary Policy: A New Keynesian Model with Unemployment", (with O. Blanchard), *The 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.



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



**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), Affiliated Professor at the Barcelona GSE and a Research Fellow at the CEPR. 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*, 147, 570-601, 2012.
- “Trade, Markup Heterogeneity and Misallocations”, (with P. Epifani), *Journal of International Economics*, 83, 1-13, 2011.
- “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”, (with P. Epifani), *The Review of Economics and Statistics*, 88, 583-598, 2006.

**Nicola Gennaioli** earned his PhD in Economics at Harvard University in 2004. He is Full Professor of Finance at Bocconi University, on leave from a position of Senior Researcher at the Center for Research in International Economics (CREI) and Research Professor at the Barcelona GSE. He is also a Research Affiliate at CEPR. From 2004-2007 he was an Assistant Professor at IIES, Stockholm University. In 2009-2010 he was a Postdoctoral Fellow at Harvard University. In 2009 he was awarded a European Research Council 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 Finance*, 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:**

- “A Model of Shadow Banking”, (with A. Shleifer and R. Vishny), *The Journal of Finance*, forthcoming.
- “Neglected Risks, Financial Innovation, and Financial Fragility”, (with A. Shleifer and R. Vishny), *Journal of Financial Economics*, forthcoming.
- “Human Capital and Regional Development”, (with R. La Porta, F. Lopes de Silanes and A. Shleifer), *The Quarterly Journal of Economics*, 128(1), 105-164, 2013.
- “Contractual Resolutions of Financial Distress”, (with S. Rossi), *The Review of Financial Studies*, 26(3), 602-634, 2013.
- “Salience Theory of Choice Under Risk”, (with A. Shleifer and P. Bordalo), *The Quarterly Journal of Economics*, 127(3), 1243-1285, 2012.
- “What Comes to Mind”, (with A. Shleifer), *The Quarterly Journal of Economics*, 125(4), 1399-1433, 2010.

**Albert Marcet** graduated in Economics at the Universitat Autònoma de Barcelona (1982) and earned his PhD in Economics at the University of Minnesota (1987). He is an ICREA Research Professor at the Institut d'Anàlisi Econòmica, Axa Research Chair on Macroeconomics at Barcelona GSE and Bank of Spain Professor. He has also been Professor at the London School of Economics (2009-2011), Universitat Pompeu Fabra (1990-2003) and Carnegie-Mellon University, Pittsburgh (1986-1992) and has been a Visitor at the ECB, London Business School, CEMFI (Madrid), the Federal Reserve Bank of Minneapolis and the Universitat Autònoma of Barcelona. His main areas of research are macroeconomics, fiscal policy, solution methods of dynamic models, financial economics and learning models.

**Selected publications:**

- "House Price Booms and the Current Account", (with K. Adam and P. Kuang), in D. Acemoglu and M. Woodford (eds.), *NBER Macroeconomics Annual 2011*, Chicago (IL): University of Chicago Press, 26, 77-122, 2012.
- "Internal Rationality, Imperfect Market Knowledge and Asset Prices", (with K. Adam), *Journal of Economic Theory*, 146, 1224-1252, 2011.
- "Recurrent Hyperinflations and Learning", (with J.P. Nicolini), *The American Economic Review*, 93(5), 1476-1498, 2003.
- "Convergence of Least Squares Learning Mechanisms in Self-Referential Linear Stochastic Models", (with T.J. Sargent), *Journal of Economic Theory*, 48(2), 337-368, 1989.



**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 a Research Professor at the Barcelona GSE. 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:**

- "International Capital Flows and Credit Market Imperfections: A Tale of Two Frictions", (with F. Taddei), *Journal of International Economics*, 89(2), 441-452, 2013.
- "Understanding Bubbly Episodes", (with V. Carvalho and J. Ventura), *The American Economic Review P&P*, 102(3), 95-100, 2012.
- "Economic Growth with Bubbles", (with J. Ventura), *The American Economic Review*, 102(6), 3033-3058, 2012.
- "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.



$$\begin{bmatrix} x_t \\ \pi_t \end{bmatrix} = \omega_a [I - \rho_a A_T]^{-1} B_T \Delta a_t + \omega_g [I - \rho_a A_T]^{-1}$$

**Barbara Rossi** earned her PhD in Economics at Princeton University in 2001. Currently she is an ICREA Professor at UPF, an Affiliated Professor at Barcelona GSE, and a Research Associate at the Center for Research in International Economics (CREI). She has held an academic tenured position at Duke University and visiting positions at Berkeley University, UCSD and the Philadelphia Fed, among others. She is a Research Fellow at the CEPR and a member of the CEPR Business Cycle Committee. She is currently an associate editor for the *Journal of Business and Economic Statistics*, the *Journal of Economic Dynamics and Control*, and the *Journal of Applied Econometrics*. She has been awarded two National Science Foundation grants.



**Selected publications:**

- “Advances in Forecasting under Model Instability”, in G. Elliott and A. Timmermann (eds.), *Handbook of Forecasting*, Volume 2, Amsterdam: Elsevier, forthcoming.
- “Forecasting in Macroeconomics”, (with R. Giacomini), in N. Hashimzade and M. Thornton (eds.), *Handbook of Research Methods and Applications in Empirical Macroeconomics*, Cheltenham (UK): Edward Elgar Publishing Ltd, forthcoming.
- “Can Exchange Rates Forecast Commodity Prices?”, (with Y. Chen and K. Rogoff), *The Quarterly Journal of Economics*, 125(3), 1145-1194, 2010.
- “Out-of-Sample Forecast Tests Robust to Choice of Window Size”, (with A. Inoue), *Journal of Business and Economic Statistics*, 30(3), 432-453, 2012.
- “Detecting and Predicting Forecast Breakdowns”, (with R. Giacomini), *The Review of Economic Studies*, 76(2), 669-705, 2009.
- “Forecast Comparisons in Unstable Environments”, (with R. Giacomini), *Journal of Applied Econometrics*, 25(4), 595-620, 2010.

**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 a 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*, 2003.
- *Economic Growth*, (with R. Barro), 2nd Edition, Cambridge (MA): The MIT Press, 2003.
- “Health Investment Complementarities under Competing Risks”, (with W. Dow and T. Philipson), *The American Economic Review*, 89(5), 1358-71, 1999.



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

**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), a Research Professor at the Barcelona GSE 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*, 102(6), 3033-3058, 2012.
- "Bubbles and Capital Flows", *Journal of Economic Theory*, 147(2), 738-758, 2012.
- "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.

