



*Barcelona*  
**MACROECONOMICS**  
*Summer School*

BMSS  
2007



CENTRE DE RECERCA  
EN ECONOMIA INTERNACIONAL



# INTRODUCTION

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The ninth edition of CREI's Barcelona Macroeconomics Summer School (BMSS 2007) will be held on the main campus of Universitat Pompeu Fabra (UPF) in Barcelona during the period June 18-29, 2007. BMSS 2007 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, monetary and fiscal policy, macroeconometrics and economic geography. The courses are aimed at graduate students specializing in macroeconomics, 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 courses, the BMSS faculty will be available to participants for discussion of research ideas and projects.

BMSS 2007 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 2007 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

### *Monetary Policy and Labor Market Imperfections*

**Instructor:** Jordi Galí

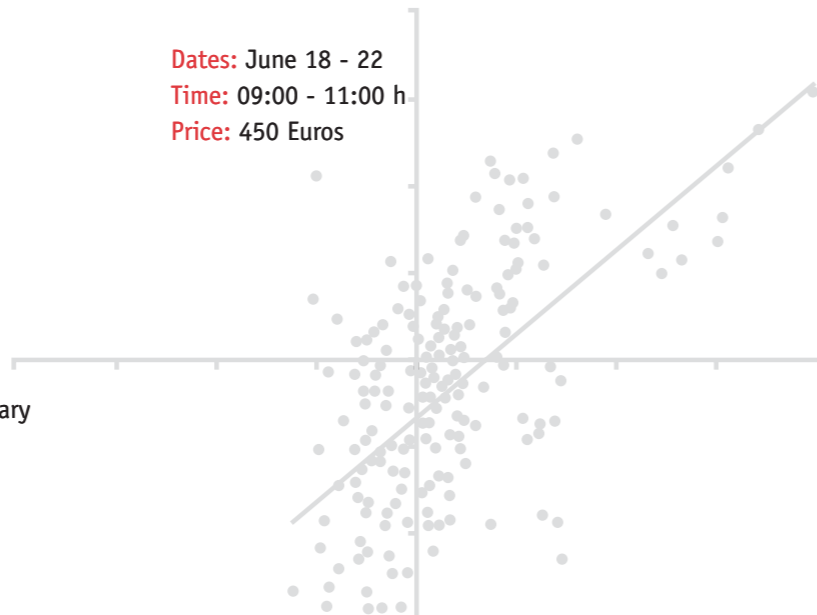
**Selected Topics:**

- The New Keynesian model with sticky prices and wages
- Real wage rigidities, inflation persistence and monetary policy trade-offs
- Labor market frictions, unemployment and monetary policy
- Labor markets, monetary policy and the Great Moderation

**Dates:** June 18 - 22

**Time:** 09:00 - 11:00 h

**Price:** 450 Euros



### *Fiscal Policy in General Equilibrium Models of the Business Cycle*

**Instructor:** Albert Marcet

The object of the course is to analyze the best policy that the government can implement, given how the market reacts to each policy, and given various institutional constraints, such as partial or full commitment, participation constraints, default or political equilibrium. We will discuss the methodology to study optimal policy, focusing on fiscal policy applications, and we will review some relevant papers in the relevant literature along the way.

**Selected Topics:**

- Fiscal policy analysis in dynamic models
- Sustainability of debt
- Effects of constraints on fiscal policy (debt limits, balanced budgets ...)
- Debt management
- Stabilization policies
- Interaction with monetary policy
- Commitment versus discretion

**Dates:** June 18 - 22

**Time:** 11:30 - 13:30 h

**Price:** 450 Euros

$$\delta = \frac{1 - \sqrt{1 - 4\beta a^2}}{2a\beta}$$

## Sovereign Debt: Theory, History and Policy

Instructors: Jaume Ventura and Hans-Joachim Voth

This course examines the workings of sovereign debt markets, focusing on theoretical approaches, key empirical regularities, as well as policy implications. We combine historical evidence, and detailed analyses of recent lending episodes to give students a clear sense of what phenomena modern theory can explain.

### Selected Topics:

- Models of sovereign risk
- Reputation, default and retaliation
- Historical case studies: from gunboat diplomacy to the Argentine crisis
- Policy issues: sustainability and crisis resolution

Dates: June 18 - 22

Time: 14:30 - 16:30 h and 17:00 - 19:00 h (20 hours)

Price: 900 Euros

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

## Cities and Economic Geography

Instructor: Diego Puga

### Selected Topics:

- Economic integration and the location of economic activity
- The formation of cities: developers and self-organization
- The motives for agglomeration: what generates aggregate increasing returns?
- Specialization and diversification in cities
- The distribution of city sizes

Dates: June 25 - 29

Time: 09:00 - 11:00 h

Price: 450 Euros



## Economic Growth and Development I

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 role of incentives
- Government, taxation, the Welfare State and growth
- Ideas and growth: R&D, patents. AIDS, malaria and generics

- The effectiveness of International Aid in promoting economic development. Randomized Field Experiments
- The tragedy of Africa: Diagnostics and setting priorities

Dates: June 25 - 29

Time: 11:30 - 13:30 h

Price: 450 Euros

$$C_t = \left( \int_0^1 C_t(i)^{\frac{\epsilon-1}{\epsilon}} di \right)^{\frac{\epsilon}{\epsilon-1}}$$

## Economic Growth and Development II

Instructor: Antonio Ciccone

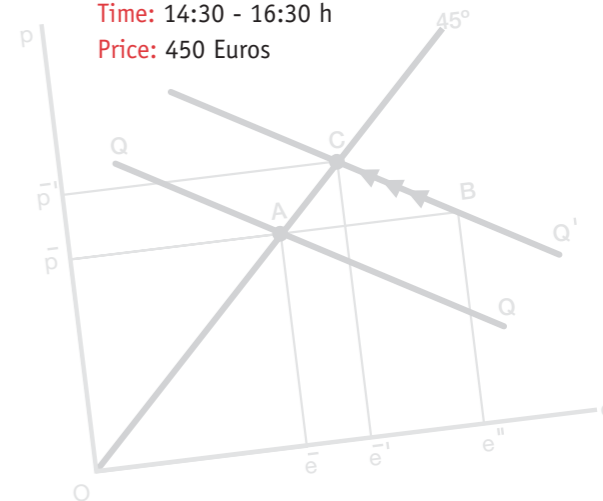
### Selected Topics:

- Entry regulation, finance, and economic growth
- Institutions, geography, and trade as deep determinants of economic development
- Human capital, comparative advantage, and technological catch up
- Learning about growth from growth regressions
- Are there externalities to human capital accumulation?

Dates: June 25- 29

Time: 14:30 - 16:30 h

Price: 450 Euros



## DSGE Models and the Data: Methods and Problems

Instructor: Fabio Canova

The course plans to examine in detail various methods to compare stochastic general equilibrium models to the data. Examples and applications will be emphasized

### Selected Topics:

- Log-linear and second order approximations
- GMM and SMM
- Indirect inference
- Maximum likelihood
- Bayesian methods

Dates: June 25 - 29

Time: Lectures: 17:00 -19:00 h (10 h)  
Computer demonstrations: 19:00 - 20:00 h (5 h)

Price: 700 Euros

$$\pi_t = \beta E_t\{\pi_{t+1}\} + \kappa x_t$$

## BIOGRAPHICAL SKETCHES

**Fabio Canova** earned his Ph.D. in Economics at the University of Minnesota in 1989. He has been an Assistant Professor at Brown University and Rochester, an Associate Professor at Brown University and the European University Institute, a Professor at the University of Catania, University of Modena, and Universitat Pompeu Fabra and a Research Professor with IGIER. He is currently Research Professor with ICREA. He has also been Part-Time Professor at the University of Southampton and the London Business School. Besides the above places, 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, Swiss National Bank, Banco de Argentina among other places and he has been a consultant with the Bank of England, the IMF, the



ECB, 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 Advisory Board of Dynare, the Founder of the Applied Macroeconomic Network (AMeN). His research interests include quantitative macroeconomics, monetary theory, international business cycles and macroeconometrics.

### Selected publications:

- "Similarities and Convergence in G7 Cycles" (with M. Ciccarelli and E. Ortega), *Journal of Monetary Economics* forthcoming.
- "Price Dispersion in Monetary Union: the Role of Fiscal Shocks" (with E. Pappa), *Economic Journal* forthcoming.
- "Testing for Convergence Clubs: A Predictive Density Approach", *International Economic Review*, February 2004.
- "Forecasting and Turning Point Predictions in a Bayesian Panel VAR Model" (with M. Ciccarelli), *Journal of Econometrics*, June 2004.
- "Monetary Disturbances Matter for Business Fluctuations in the G-7" (with G. De Nicolò), *Journal of Monetary Economics*, September 2002.

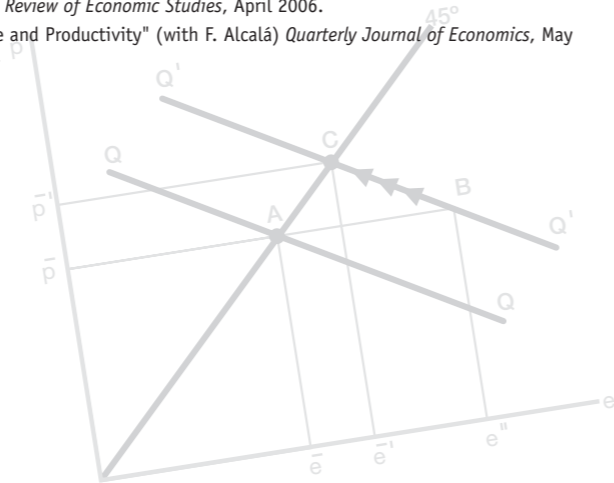
## Antonio Ciccone

is an ICREA Research Professor at Universitat Pompeu Fabra. He earned a MSc in Econometrics and Mathematical Economics at the London School of Economics in 1990 and a PhD in Economics at Stanford University in 1994. He is a co-editor of *The Economic Journal* and *Regional Science and Urban Economics*, and member of the editorial board of the *Review of Economic Studies*. He has taught macroeconomics at UC Berkeley, Stanford, the London Business School, as well as the European Commission and the European Central Bank.



### Selected publications:

- "Red Tape and Delayed Entry" (with E. Papaioannou), *Journal of the European Economic Association (Papers and Proceedings)*, forthcoming.
- "Identifying Human Capital Externalities: Theory with Applications" (with G. Peri), *Review of Economic Studies*, April 2006.
- "Trade and Productivity" (with F. Alcalá) *Quarterly Journal of Economics*, May 2004.



## Jordi Galí

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 on IN (CREI) and a Professor at Universitat Pompeu Fabra. He has held academic positions at New York University and Columbia University. He has been a Visiting Professor at MIT. He is a co-editor of the *Journal of the European Economic Association*. He is a Research Fellow at the CEPR, a Research Associate at the NBER, and a Fellow of the Econometric Society. He has been consultant to the European Central Bank, the Federal Reserve and other central banks. His research interests include macroeconomics, monetary theory, and macroeconometrics.

### Selected publications:

- "Real Wage Rigidities and the New Keynesian Model," (with O.J. Blanchard), *Journal of Money, Credit and Banking*, forthcoming.
- "Monetary Policy and Exchange Rate Volatility in a Small Open Economy," (with T. Monacelli), *Review of Economic Studies*, July 2005.
- "Monetary Policy Rules and Macroeconomic Stability: Evidence and Some Theory", (with R. Clarida and M. Gertler), *Quarterly Journal of Economics*, January 2000.
- "The Science of Monetary Policy: A New Keynesian Perspective," *Journal of Economic Literature*, December 1999.

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





**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 Research Professor at the Institut d'Anàlisi Econòmica, Barcelona. He has also been Professor at 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:**

- "Incomplete Markets, Labor Supply, and Capital Accumulation" (with F. Obiols and P. Weil), *Journal of Monetary Economics*, forthcoming.
- "Recurrent Hyperinflations and Learning" (with J. P. Nicolini), *American Economic Review*, December 2003.
- "Optimal Taxation without State-Contingent Debt" (with R. Aiyagari, T. J. Sargent and J. Seppala) *Journal of Political Economy*, December 2002.

$$\begin{bmatrix} x_t \\ \pi_t \end{bmatrix} = \omega_a [\mathbf{I} - \rho_a \mathbf{A}_T]^{-1} \mathbf{B}_T \Delta a_t + \omega_g [\mathbf{I} - \rho_g \mathbf{A}_T]^{-1} \mathbf{B}_T g_t$$

**Diego Puga** earned his PhD in Economics at the London School of Economics in 1997. Currently, he is Professor of Economics at Universitat Pompeu Fabra and a Research Associate at CREI. Previously, he was Assistant Professor and tenured Associate Professor at the University of Toronto. In addition to Universitat Pompeu Fabra and the University of Toronto, he has taught courses at the London School of Economics, Northwestern University, and the Norwegian School of Economics and Business Administration. He is editor of the *Journal of Economic Geography*, a member of the editorial board of the *Journal of the European Economic Association* the *Journal of Regional Science*, and *Moneda y Crédito* and a Research Fellow of the CEPR and the NBER. His research interests include urban and regional economics, international trade, and the economics of innovation.



**Selected publications:**

- "Causes of Sprawl: A Portrait from Space" (with M. Burchfield, H. G. Overman and M. A. Turner), *Quarterly Journal of Economics*, May 2006.
- "Nursery Cities: Urban Diversity, Process Innovation, and the Life Cycle of Products" (with G. Duranton), *American Economic Review*, December 2001.
- "Agglomeration and Economic Development: Import Substitution vs. Trade Liberalization" (with A. J. Venables), *Economic Journal*, April 1999.
- "The Rise and Fall of Regional Inequalities", *European Economic Review*, February 1999.





## Xavier Sala-i-Martin

earned his PhD in Economics at Harvard 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), editor 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 and he is now the President of its Economic Commission. 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", *Quarterly Journal of Economics*, May 2006.
- "Determinants of Long-Term Growth: A Bayesian Average of Classical Estimates (BACE) Approach" (with G. Doppelhoffer and R. Miller), *American Economic Review*, September 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*, 2nd Edition MIT Press, Cambridge, MA, 2003 (with R. Barro).
- "Health Investment Complementarities under Competing Risks," (with W. Dow and T. Philipson), *American Economic Review*, December 1999.

## Jaume Ventura

earned his PhD in Economics at Harvard University in 1995. Currently he is a Senior Researcher at CREI. Previously, he has held academic positions at MIT and the University of Chicago. He is co-director of the International Macroeconomics Programme of the CEPR and has served as editor of *The Economic Journal*. He is also a Faculty Research Fellow at the NBER, and has served as a consultant to the World Bank and the Inter-American Development Bank. His research interests include international economics and macroeconomics.



### Selected publications:

- "Country Portfolios" (with A. Kraay, N. Loayza and L. Servén) *Journal of the European and Economic Association*, June 2005.
- "Current Accounts in the Long and Short Run" (with A. Kraay) *NBER Macroeconomics Annual 2002*, July 2003.
- "Trade Integration and Risk Sharing" (with A. Kraay), *European Economic Review*, June 2002.
- "A Portfolio View of the Current Account Deficit", *Brookings Papers*, July 2001.
- "Current Accounts in Debtor and Creditor Countries" (with A. Kraay), *Quarterly Journal of Economics*, November 2000.

$$C_t = \left( \int_0^1 C_t(i)^{\frac{\varepsilon-1}{\varepsilon}} di \right)^{\frac{\varepsilon}{\varepsilon-1}}$$

**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 fellow, and a member of the editorial board of the *Journal of Economic History*. He has won the Gino Luzzatto Prize for the best thesis in European economic history, the Alexander Gershenkron 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 *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 and Stern Business School (NYU). His research interests are in financial and economic history and macroeconomics.

**Selected publications:**

- "Interest Rate Restrictions in a Natural Experiment: Loan Allocation and the Change in the Usury Laws in 1714" (with P. Temin), *Economic Journal*, forthcoming.
- "Credit Rationing and Crowding Out during the Industrial Revolution: Evidence from Hoare's Bank, 1702-1862" (with P. Temin), *Explorations in Economic History*, July 2005.
- "Riding the South Sea Bubble" (with P. Temin), *American Economic Review*, December 2004
- "With a Bang, Not a Whimper: Pricking Germany's "Stockmarket Bubble" in 1927 and the Slide into Depression", *Journal of Economic History*, 2003.



# Barcelona

## MACROECONOMICS

Summer School **BMSS 2007**

### REGISTRATION FORM

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Name \_\_\_\_\_

Affiliation \_\_\_\_\_

Address \_\_\_\_\_  
\_\_\_\_\_

e-mail \_\_\_\_\_

I would like to register for the following courses:

- Monetary Policy and Labor Market Imperfections* / June 18-22
- Fiscal Policy in General Equilibrium Models of the Business Cycle* / June 18-22
- Sovereign Debt: Theory, History and Policy* / June 18-22
- Cities and Economic Geography* / June 25-29
- Economic Growth and Development (I)* / June 25-29
- Economic Growth and Development (II)* / June 25-29
- DSGE Models and the Data: Methods and Problems* / June 25-29

Total price: Euros \_\_\_\_\_

Indicate desired form of payment:

1.  **Credit card**

VISA     MASTERCARD     AMEX

\_\_\_\_\_ Expiration date

\_\_\_\_\_ Credit card number

\_\_\_\_\_ Credit card holder

2.  **Bank Transfer:**

FAX a copy of the bank transfer order to # (34) 93 542 18 60  
(note: Bank transfer expenses on your account)

*Bank:* BBVA    *Branch:* Pl. Catalunya, 5 2a Planta - 08002 Barcelona

*Account:* 0182 5734 33 0201507985

*Swift code:* BBVAESMMXXX    *Iban Code:* ES25 0182 5734 3302 0150 7985

3.  **Check in Euros enclosed** (payable to CREI)

Send the completed form by e-mail to **crei@upf.edu**, by fax, or by regular mail to:

**CREI - Universitat Pompeu Fabra**

Ramon Trias Fargas, 25-27 - 08005 Barcelona (Spain)

Tel: (34) 93 542 24 98 - Fax: (34) 93 542 18 60

**Registration will be confirmed only when payment is received**

For information on accommodation facilities, please visit our website:

**[http://www.crei.cat/activities/bmss/2007/bmss\\_2007.htm](http://www.crei.cat/activities/bmss/2007/bmss_2007.htm)**

Further information on **BSS 2007** can be obtained  
by visiting our web site at

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



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