

**Università Bocconi – PhD in Economics  
Academic Year 2018-19**

**MACROECONOMICS II**

Lecturer: Professor **Antonella Trigari**  
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**BASIC REFERENCES:**

(LS) Lars Ljungqvist and Thomas Sargent, *Recursive Macroeconomic Theory*. MIT Press, 3<sup>rd</sup> ed.

(DK) Dirk Krueger, *Macroeconomic Theory*, Teaching Manuscript, January 2012 version.

**Part I**

**DYNAMIC STOCHASTIC GENERAL EQUILIBRIUM**

1. Equilibrium with complete markets

- A pure-exchange dynamic economy: Pareto allocation; Arrow-Debreu complete markets; Arrow sequential markets; recursive competitive equilibrium
- References: LS Chapter 8, DK chapter 2 and 6

2. Basic stochastic growth model

- Planning problem; Arrow-Debreu complete markets; Arrow sequential markets; Recursive formulation; Real business cycle model; Hansen and Rogerson model of indivisible labor
- References: LS Chapter 12; DK Chapter 3 and 6; Hansen (1985); Rogerson (1988)

**Part II**

**SEARCH MODELS OF THE LABOR MARKET**

1. Search theory under partial equilibrium

- Mc Call's model of intertemporal job search
- Basic references: LS Chapter 6; Rogerson, Shimer and Wright (2005)
- Additional references: McCall (1970)

2. Equilibrium search models

- Search and matching models as in Diamond (1982), Mortensen (1982), and Pissarides (1990); Search in the Real Business Cycle model
- Basic references: Pissarides (1990); LS Chapter 28; Shimer (2005); Shimer (2004); Gertler and Trigari (2009); Gertler, Huckfeldt and Trigari (2016); ; Pissarides (2009); Chodorow-Reich and Karabarbounis (2015)
- Additional references: Barro (1977); Hall (2005); Hagedorn and Manovskii (2008)

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Barro R. (1977): "Long-Term Contracting, Sticky Prices and Monetary Policy," *Journal of Monetary Economics* 3 (3), pp. 305–16.

CHODOROW-REICH G. AND L. KARABARBOUNIS (2015): "The Cyclicalities of the Opportunity Cost of Employment," *Journal of Political Economy*.

- DIAMOND, P. (1982): "Wage Determination and Efficiency in Search Equilibrium," *Review of Economic Studies* 49, pp. 217-227.
- GERTLER, M., C. HUCKFELDT AND A. TRIGARI (2016): "New Hires Wage Cyclical, Match Quality and Unemployment Fluctuations," mimeo.
- GERTLER, M. AND A. TRIGARI (2009): "Unemployment Fluctuations with Staggered Nash Wage Bargaining," *Journal of Political Economy* 117 (1), pp. 38-86.
- Hagedorn, M. and I. Manovskii (2008): "The Cyclical Behavior of Equilibrium Unemployment and Vacancies Revisited," *American Economic Review* 98 (4), pp. 1692–1706.
- HALL, R. (2005): "Employment Fluctuations with Equilibrium Wage Stickiness," *American Economic Review* 95 (1), pp. 50-65.
- HANSEN, G. D. (1985): "Indivisible Labor and the Business Cycle," *Journal of Monetary Economics* 16, pp. 309-327.
- MCCALL, J. J. (1970): "Economics of Information and Job Search," *Quarterly Journal of Economics* 84 (1), pp. 113-126.
- MORTENSEN, D. T. (1982): "The Matching Process as a Noncooperative Bargaining Game." In J. J. McCall (ed.), *The Economics of Information and Uncertainty*. Chicago: University of Chicago Press, pp. 233-258.
- PISSARIDES, C. A. (2009): "The Unemployment Volatility Puzzle: Is Wage Stickiness the Answer?," *Econometrica* 77 (5), pp. 1339-1369.
- PISSARIDES, C. A. (1990): *Equilibrium Unemployment Theory*. Cambridge, U.K.: Basil Blackwell.
- ROGERSON, R., R. SHIMER AND R. WRIGHT (2005): "Search-Theoretic Models of the Labor Market: A Survey," *Journal of Economic Literature*.
- ROGERSON, R. (1988): "Indivisible Labor, Lotteries, and Equilibrium," *Journal of Monetary Economics* 21, pp. 3-16.
- SHIMER, R. (2005): "The Cyclical Behavior of Equilibrium Unemployment, Vacancies, and Wages: Evidence and Theory." *American Economic Review*, 95 (1), pp. 25-49.
- SHIMER, R. (2004): "The Consequences of Rigid Wages in Search Models." *Journal of the European Economic Association* 2, pp. 469–79.