

## ECON 8501 Labor Economics, 1<sup>st</sup> Mini, Fall 2014

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Tuesday and Thursday, 9.05am--10.50am, HMH 4-170

The theme for this class is the Great Recession. The papers listed below are grouped into broad classes of alternative candidate explanations that we will evaluate. We will not cover every article in this list, and we will add new articles as the class proceeds. For each paper we cover, one student will be assigned to read the paper especially carefully, and to prepare some critical comments in the spirit of a referee report to share with the class.

### *Demand and Wealth Effects*

- Mian A., and A. Sufi (2014) "What Explains the 2007-2009 Drop in Employment?" ECA
- Mian A., Rao, K., and A Sufi (2013) "Household Balance Sheets, Consumption, and the Economic Slump" AER
- Midrigan, V., and T. Philippon (2011) "Household Leverage and the Recession"
- Guerrieri V., and G. Lorenzoni (2011) "Credit Crises, Precautionary Savings, and the Liquidity Trap"
- Beaudry, P., and F. Portier (2013) "Understanding Non-Inflationary Demand Driven Business Cycles"

### *Neoclassical Explanations*

- Shimer R. (2012) "Wage Rigidities and Jobless Recoveries" JME
- Chodorow-Reich, G., and L. Karabarbounis (2014) "The Cyclicalities of the Opportunity Cost of Employment"
- Davis, S.J., and J. Haltiwanger (2014) "Labor Market Fluidity and Economic Performance"
- McGrattan, E.R., and E.C. Prescott (2012) "The Labor Productivity Puzzle"

### *Confidence / Sunspots*

- Farmer, R.E.A. (2013) "Animal Spirits, Financial Crises, and Persistent Unemployment"
- Kaplan, G., and G. Menzio (2014) "Shopping Externalities and Self-Fulfilling Unemployment Fluctuations"
- Bai, Y., Rios-Rull, J.V., and K. Storesletten (2012) "Demand Shocks as Productivity Shocks"
- Heathcote, J., and F. Perri (2014) "Wealth and Volatility"
- Angeletos, G.M., and J. La'O (2013) "Sentiments" ECA
- Angeletos, G.M., Collard, F., and H. Dellas (2014) "Quantifying Confidence"

### *Credit Constraints*

- Jermann, U., and V. Quadrini (2012) "Macroeconomic Effects of Financial Shocks", AER

- Shourideh, A., and A. Zeitlin-Jones (2012) “External Financing and the Role of Financial Frictions over the Business Cycle: Measurement and Theory”
- Kehoe, P., Midrigan, V., and E. Pastorino (2014) “Debt Constraints and Unemployment”
- Andres, J., Arce, O., and C. Thomas (2014) “Structural Reforms in a Debt Overhang”
- Guerrieri V., and G. Lorenzoni (2009) “Liquidity and Trading Dynamics” ECA

#### *Risk and Uncertainty*

- Bloom, N., (2009) “The Impact of Uncertainty Shocks” ECA
- Arellano, C., Bai, Y., and P.J. Kehoe (2012) “Financial Frictions and Fluctuations in Volatility”
- Bloom, N., Floetta, M., Jaimovitch, N., Saporta-Eksten, I., and S. Terry (2012) “Really Uncertain Business Cycles”

#### *Zero Lower Bound*

- Hall, R.E., (2013) “The Routes into and Out of the Zero Lower Bound”
- Eggertsson G., and P. Krugman “Debt, Deleveraging, and the Liquidity Trap: A Fisher-Minsky-Koo Approach QJE
- Cochrane, J.H. (2014) “The New Keynesian Liquidity Trap”
- Werning, I. (2012) “Managing a Liquidity Trap: Monetary and Fiscal Policy”

#### *Other Papers*

- Beaudry, P., Green, D., and B. Sand (2013) “The Great Reversal in the Demand for Skill and Cognitive Tasks”
- La’O. J., (2013) “A Traffic Jam Theory of Recessions”
- Glover, A., Heathcote, J., Krueger, D., and J.V. Rios-Rull (2014) “Intergenerational Redistribution in the Great Recession”