1 Hall

My part of Economics 235 covers the modern macroeconomics of aggregate fluctuations in advanced economies.

At the beginning of each class meeting, you will turn in two questions on the day’s topic. During the discussion, you will be expected to ask at least one of your questions.

You will also prepare a research proposal during the quarter and present it to the class at the end of the quarter. I will meet with you individually during the quarter to give advice about the proposal. The proposal may be in any branch of macro and may be a continuation, with substantial value added, of any similar work you did in the 23X sequence.

We will begin with two interesting papers by young authors that cover many of the important topics in modern fluctuations theory. We will delve into them quite deeply and try to decide whether their ideas are relevant to observed fluctuations, especially the crisis that began in 2008 in most advanced economies, and the slump that followed the crisis. Both papers are complicated and challenging.
The papers


2 Kurlat

My part of the course will focus on theories of financial market imperfections. I will ask you to read some of the papers in advance of the class and come prepared to answer questions, but not every class.

The reading list is quite long. We’ll talk about (most of) the starred papers in class. The other are related papers that I found interesting and/or I’d like to read but haven’t.

There will be two problem sets.

Papers

Costly State Verification


• Charles T. Carlstrom and Timothy S. Fuerst. Agency costs, net worth, and business fluctuations: A computable general equilibrium analysis.


Collateral Constraints


Limited Commitment

* Rui Albuquerque and Hugo A. Hopenhayn. Optimal lending contracts

**Moral Hazard**


**Asymmetric Information**


**Imperfect Intermediation**


**3 Students with documented disabilities**

Students who have a physical, psychological, or learning disability that may necessitate an academic accommodation or the use of auxiliary aids and ser-
vices in a class must initiate the request with the Student Disability Resource Center (SDRC), not with the instructor. The SDRC will evaluate the request along with the required documentation, recommend appropriate accommodations, and prepare a verification letter dated in the current academic term in which the request is being made. Students should contact the SDRC in the first week of the quarter as timely notice is needed to arrange for appropriate accommodations. The SDRC is located at 563 Salvatierra Walk. Also see http://www.stanford.edu/group/OAE/