



सत्यमेव परमो धर्मः

IEG Workshop

Advanced Topics in Macroeconomics
(Workshop under the RBI Chair at IEG)

Workshop Instructor: Prof Sumru Altuğ

Organized by the: Institute of Economic Growth (IEG)

Date: 25-27 October, 2023

Aims: This course seeks to analyze dynamic economic models with market incompleteness and market frictions. Such models are useful for modeling a variety of macroeconomic phenomena in a general equilibrium framework. The course aims:

- To teach the formulation and analysis of models with market incompleteness in a dynamic stochastic environment
- To enhance students' understanding of dynamic economic equilibrium under non-standard assumptions.

Objectives: By the end of the module, students should be able:

- To formulate models with aggregate and uninsurable idiosyncratic risk.
- To analyze models with different forms of market frictions such as borrowing constraints, leverage, sticky prices, or an overlapping generations structure.
- To understand and prove the existence of equilibrium in nonstandard environments.

Target Audience:

- Currently enrolled Masters, Ph.D. Economics students and Junior Faculty in Economics
- Reserve Bank of India and Indian Economic Service Officers

Venue: Institute of Economic Growth, University Enclave (North Campus), Delhi- 110007, India.

Number of lectures: 6 lectures, each running for approximately 1 hour and 30 minutes.

Date and Time: 2.30 pm to 6 pm (Coffee break: 4 to 4.30 pm), 25th to 27th October, 2023.

Mode: Hybrid

Participation: The enrollment of the course will be capped at 25-30 PAX. If you are interested in attending the workshop, please send an e-mail to sushil@iegindia.org with a copy to diroffice@iegindia.org with our name, your cv/resume, and mobile number by **October 10, 2023**.

Professor Sumru Altuğ will conduct the workshop. Sumru Altuğ is Professor and Chair at the American University of Beirut and a Research Fellow at the CEPR, London, UK where she specializes in macroeconomics, financial economics and econometrics. She has written papers on business cycles, intertemporal models of consumption and labour supply, productivity and growth, investment, irreversible investment, investment and tax policy, and investment and political risk. She has published papers at top economics journals, including papers in the International Economic Review, Econometrica, Review of Economic Studies, Journal of Money, Credit and Banking, Macroeconomic Dynamics, Economic Theory, and many others. She has co-authored or co-edited five texts in macroeconomics and finance, including Dynamic Macroeconomic Analysis: Theory and Policy in General Equilibrium and Asset Pricing for Dynamic Economies from Cambridge University Press in 2003 and 2008, respectively. She was a faculty at the University of Minnesota, the Koç University in Istanbul, Turkey, and at the Universities of Durham and York in the UK. She is also a member of the Central Governing Council of the Justice and Development Party in Turkey since 2021. Professor Altuğ has a PhD from Carnegie-Mellon University.

The Institute of Economic Growth (IEG) is an autonomous, multidisciplinary centre for advanced research and training. Widely recognized as a centre of excellence, it is one of India's leading academic institutions in the fields of economic and social development. Its faculty of about 20 social scientists (economists, demographers and sociologists) and a large body of supporting research staff focus on emerging and often cutting-edge areas of social and policy concern. Many past and current faculty members are internationally renowned and award-winning scholars. Former Prime Minister Manmohan Singh has had a long association with the Institute, initially as Chairman of the Board (1972-1982) and as President of the IEG Society (1992-2021). Currently, Shri N.K. Singh is the President of IEG, while Professor Ramesh Chand is the Chairman. Professor Chetan Ghate is the current Director of the Institute.

Lecture Outline

I. October 25: *Business Cycles and Growth (2 Lectures)*

- Nicolas Coeurdacier, Stephane Guibaud, and Keyu Jin (2015). "Credit Constraints and Growth in a Global Economy". *American Economic Review* 105(9): 2838 - 2881.
- Alexandre Gaillard and Philipp Wangner (2022). "Inequality, Business Cycles, and Growth: A Unified Approach to Stabilization Policies".

II. October 26: *Emerging Economy Models (2 Lectures)*

- Andrés Fernández and Adam Gulan (2015). "Interest Rates, Leverage, and Business Cycles in Emerging Economies: The Role of Financial Frictions". *American Economic Journal: Macroeconomics*, 7(3), pp. 153-88
- Fernando A. Broner, Guido Lorenzoni, and Sergio L. Schmukler (2013). "Why Do Emerging Economies Borrow Short Term?". *Journal of the European Economic Association*, 11(S1):67-100

III. October 27: *Incomplete Market Models (2 Lectures)*

- Benhabib, J., B. Bisin, and S. Zhu (2011). "The Distribution of Wealth and Fiscal Policy in Economies with Finitely Lived Agents". *Econometrica*, 79(1), 123-15
- Fostel, Ana, and John Geanakoplos (2008a). "Collateral Restrictions and Liquidity Under-Supply: A Simple Model". *Economic Theory* 35, no. 3:441-67.
- Fostel, Ana, and John Geanakoplos (2008b). "Leverage Cycles and the Anxious Economy". *American Economic Review* 98, no. 4:1211-44.
- John Geanakoplos (2009). "Leverage Cycles". *NBER Macroeconomics Annual 2009*, Volume 24, (eds.) D. Acemoglu, K. Rogoff and M. Woodford