ISTANBUL GRADUATE ECONOMICS SUMMER SCHOOL 2014
(IGESS ’14)

COURSES and SCHEDULE

ECON 559 SPECIAL TOPICS IN ECONOMETRICS:
Empirical Time Series Methods for Macroeconomic Analysis
Instructor: Luca Gambetti (Autonomous University of Barcelona)
Dates: July 14 - 18, 2013, 9:00-12:30
Location: Koç University, Room: CAS-Z48

ECON 557 SPECIAL TOPICS IN MICROECONOMICS:
Matching Markets: Theory and Practice
Instructor: Tayfun Sonmez (Boston College)
Dates: July 21 - 25, 2014, 9:00-12:30
Location: Koç University, Room: CAS-Z48

ECON 558 SPECIAL TOPICS IN MACROECONOMICS:
Recursive Contracts and Learning in Macroeconomics
Instructor: Ramon Marimon (European University Institute)
Dates: July 21 - 25, 2014, 14:00-17:30
Location: Koç University, Room: CAS-Z48
Instructor:
Tayfun Sönmez,
Professor of Economics
Boston College

Dates: July 21 - 25, 2014, Monday-Friday, 3½ hour lectures every day

Course Description

The mini-course will provide an overview of some recent research and policy work on matching markets. The focus of the course is the evolution of the literature both from a theoretical and also practical perspective. Topics include two-sided matching, house allocation, school choice, kidney exchange, matching with contracts, and cadet branching.

Course Outline

1. House Allocation & Housing Markets


Roth and Postlewaite (1977), Weak versus strong domination in a market with indivisible goods, Journal of Mathematical Economics 4, 131-137.


2. Kidney Exchange


3. School Matching

Two-Sided Matching: A Study in Game-Theoretic Modeling and Analysis, by A.E. Roth and M.A.O. Sotomayor, Cambridge University Press, 1990, Chapters 2, 3 and 5, (background reading.)

Sönmez and Ünver (2011), Matching, Allocation, and Exchange of Discrete Resources", J. Benhabib, A. Bisin, and M. Jackson (eds.) Handbook of Social Economics, Elsevier, 2011, Chapter 4, (background reading.)


Abdulkadiroğlu and Sönmez (2003), School choice: A mechanism design approach, American Economic Review 93, 729-747.


4. Cadet-Branch Matching


KOÇ UNIVERSITY
SUMMER 2014

ECON 558 SPECIAL TOPICS IN MACROECONOMICS:
Recursive Contracts and Learning in Macroeconomics

Instructor:
Ramon Marimon
Professor of Economics, European University Institute
Barcelona GSE, NBER & CEPR

e-mail: ramon.marimon@eui.eu
Personal web page: www.eui.eu/Personal/rmarimon/.

Dates: July 21 - 25, 2014, Monday-Friday, 3½ hour lectures every day

Course description
This is a course for Master students, PhD researchers or post-docs in economics. It provides an introduction to two theories that develop the standard Dynamic Macroeconomic Model: “Recursive Contracts” and “Learning”, and discusses some of their applications in macroeconomics. The course is self-contained, but familiarity with basic maximization theory (Lagrange saddle-points, Bellman equations) and general equilibrium theory (Complete vs. incomplete markets, Nash and Rational Expectations equilibrium) will be assumed.

Provisional syllabus
(Main readings are marked with *.)


2. RISK-SHARING, LABOUR CONTRACTS & PRICING OF CONTRACTS.
Risk sharing with limited enforcement. Labour contracts with limited enforcement.

Decentralization of contracts.


**3. DEBT CONTRACTS vs. RECURSIVE CONTRACTS.** Asset Prices, lending and firm dynamics, and sovereign debt. The Design of a Risk Sharing Mechanisms.


5. MISSPECIFICATION & SELF-CONFIRMING EQUILIBRIUM. The Econometrician vs. the Agent.


Gaballo, Gaetano and Ramon Marimon. 2014. “Breaking the Spell with Credit- Easing: Self-Confirming Credit Crises in Competitive Search Economies,” EUI.


KOÇ UNIVERSITY  
SUMMER 2014  

ECON 559 SPECIAL TOPICS IN ECONOMETRICS:  
Empirical Time Series Methods for Macroeconomic Analysis  

Instructor:  
Luca Gambetti  
Associate Professor of Economics  
Autonomous University of Barcelona  

Dates: July 14 - 18, 2014, Monday-Friday, 3½ hour lectures every day  

Course Description:  

The objective of the course is twofold. First, the course aims at presenting some of the most popular time series models designed to analyze the propagation mechanisms and measure the effects of macroeconomic shocks. Special emphasis will be put on the role of information for the correct identification and estimation of structural shocks. Second, the course aims at discussing some recent applications in macroeconomics. In particular the focus will be on the ongoing debate about fiscal multipliers and the effects of fiscal policy shocks and the role of news for macroeconomic fluctuations. Matlab programs to implement the theoretical methods and replicate the applications studied in class will be made available to students.  

Course Outline  

1) Structural VAR (SVAR) models:  
a) Theory.  
b) Application: Fiscal policy shocks and fiscal foresight (part I).  
c) Application: News shocks and the business cycle (part I).  

2) The role of information in SVARs  
a) Nonfundamentalness and noninvertibility.  
b) Testing for nonfundamentalness.  
c) Solutions to nonfundamentalness in the VAR approach: FAVAR models  
d) Application: Fiscal policy shocks and fiscal foresight (part II).  
e) Application: News shocks and the business cycle (part II).  

3) Structural Factor Models (SFM)  
a) Theory.  
b) Application: Fiscal policy shocks and fiscal foresight (part III).  
c) Application: News shocks and the business cycle (part III).  

4) Time-varying Coefficients Models  
a) Time-Varying Coefficients VARs.  
b) Stochastic Volatility VARs.  
c) Application: Evolving macroeconomic volatility.  
d) Application: Monetary policy regime changes.
References


Forni, M. and Gambetti, L., 2011, Sufficient information in structural VARs," Center for Economic Research (RECent) 062, University of Modena and Reggio Emilia, Dept. of Economics.


Sims, E., 2011, News, non-invertibility, and structural VARs, mimeo, University of Notre Dame.