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BSS 2005 can be obtained  
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# Barcelona MACROECONOMICS Summer School



CENTRE DE RECERCA  
EN ECONOMIA INTERNACIONAL  
GENERALITAT DE CATALUNYA  
UNIVERSITAT POMPEU FABRA

BSS 2005



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EN ECONOMIA INTERNACIONAL  
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## INTRODUCTION

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The seventh edition of the Barcelona Macroeconomics Summer School (BMSS 2005) will be held on the main campus of Universitat Pompeu Fabra (UPF) in Barcelona during the period June 27-July 8, 2005. BMSS 2005 will offer a variety of courses taught by recognized experts in their fields. The courses will provide an overview of recent developments in different areas of macroeconomics, including growth, international finance, monetary and fiscal policy, macroeconometrics, and economic geography. The courses are aimed at graduate students specializing in macroeconomics, as well as faculty members or researchers willing to brush up their knowledge of the field and expose themselves to the latest advances in academic research. During the courses, the BMSS faculty will be available to participants for discussion of research ideas and projects.

BMSS 2005 will take place at UPF's main campus, located in downtown Barcelona, at walking distance to the beach. In addition to the intellectual excitement, summer school participants are guaranteed to find in Barcelona cultural, music and sports events that suit every taste and pocket.

BMSS 2005 is organized by the *Center for Research in International Economics* (CREI), a research institute sponsored by the Generalitat de Catalunya and Universitat Pompeu Fabra whose aim is to promote the creation and dissemination of research in macroeconomics and related areas. Further information about CREI can be found at <http://www.creieweb.org>

We look forward to meeting you in our Summer School!

## COURSES

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### *Monetary Policy, Inflation, and the Business Cycle*

**Instructor:** Jordi Galí

**Selected Topics:**

- A simple framework for monetary policy analysis
- Optimal monetary policy
- Simple monetary policy rules
- Inflation dynamics

**Dates:** June 27 - July 1

**Time:** 09.00 - 11.00 h (10 hours)

**Price:** 400 Euros

### *Cities and Economic Geography*

**Instructor:** Diego Puga

**Selected Topics:**

- Economic integration and the location of economic activity
- The formation of cities: developers and self-organization
- The motives for agglomeration: what generates aggregate increasing returns?
- Specialization and diversification in cities
- The distribution of city sizes

**Dates:** June 27 - July 1

**Time:** 11.30 - 13.30 h (10 hours)

**Price:** 400 Euros

## *Fiscal Policy and the Business Cycle*

**Instructor:** Albert Marcet

### **Selected Topics:**

- Fiscal policy analysis in dynamic models
- Sustainability of debt
- Effects of constraints on fiscal policy (debt limits, balanced budgets ...)
- Stabilization policies
- Interaction with monetary policy

**Dates:** June 27 - July 1

**Time:** 14.30 - 16.30 h (10 hours)

**Price:** 400 Euros

## *Economic Growth and Development I*

**Instructor:** Xavier Sala-i-Martin

### **Selected Topics:**

- The world distribution of income
- Growth, poverty and inequality: the role of globalization
- Neoclassical growth theory: the power of diminishing returns
- The role of incentives
- Government, taxation, the Welfare State and Growth
- Ideas and growth: R&D, patents. AIDS, malaria and generics
- The tragedy of Africa: Diagnostics and setting priorities. The role of International Aid
- The natural resource curse: Nigeria as a case study

**Dates:** June 27 - July 1

**Time:** 17.00 - 19.00 h (10 hours)

**Price:** 400 Euros

## *Globalization and Financial Markets*

**Instructor:** Jaume Ventura

### **Selected Topics:**

- Financial integration and its effects
- Sovereign debt, default and restructuring
- Liquidity crises and the role of an international lender of last resort
- The US current account deficit and the dollar

**Dates:** July 4 - 8

**Time:** 09.00 - 11.00 h (10 hours)

**Price:** 400 Euros

## *Economic Growth and Development II*

**Instructor:** Antonio Ciccone

### **Selected Topics:**

- The role of institutions and trade for economic development: reviewing the empirical work
- Theories linking institutional change and economic development
- Using industry level data to determine the factors that drive economic growth
- Is there any evidence of significant human capital externalities?

**Dates:** July 4 - 8

**Time:** 11.30 - 13.30 h (10 hours)

**Price:** 400 Euros

## Credibility and Learning with Applications to Economic Policy

Instructor: Ramon Marimon

### Selected Topics:

- The need for credible and learnable policies
- A new look at “rules, commitment and delegation”
- Sequential decisions: Lessons from recent troubled economies
- The policy maker as a modeler: misspecified policies and self-confirming equilibria
- Macroeconomic expectations: observed patterns and new theories
- Credibility and learning and the design of optimal policies

Dates: July 4 - 8

Time: 14.30 - 16.30 h (10 hours)

Price: 400 Euros

## Bayesian Methods for Estimation of VARs and DSGE Models

Instructor: Fabio Canova

### Selected Topics:

- Introduction to Bayesian methods
- Posterior simulators
- Bayesian VARs
- Bayesian panel VARs and large scale models
- Bayesian DSGE models

Dates: July 4 - 8

Time: Lectures: 17.00 - 19.00 (10 hours)

Practice Lab: 19.00 - 20.00 h (5 hours)

Maximum Capacity: 40

Price: 650 Euros

**Fabio Canova** earned his Ph.D. in Economics at the University of Minnesota in 1989. He has been an Assistant Professor at Brown University and Rochester, an Associate Professor at Brown University and the European University Institute and a Professor at the University of Catania, University of Modena, and Universitat Pompeu Fabra. He is currently research professor at IGIER-BOCCONI. He has also been part-time professor at the University of Southampton and the London Business School.



Besides the above places, he has taught courses at various summer schools, CIDE, National Bank of Hungary, Ministry of Finance of Indonesia, IMF, University of Naples, Central European University, Di Tella University, Bank of Italy, ECB, Bank of England, University of Porto and Sorbonne, UK Treasury and UK Foreign Office, EABCN, Riksbank and Gerzensee among other places and he has been a consultant with the Bank of England, the IMF, the ECB and the Bank of Italy.

He is a Research Fellow at the CEPR, member of the CEPR Dating Committee, Member of the Advisory Board of Dynare. His research interests include quantitative macroeconomics, monetary theory, international business cycles and macroeconometrics.

### Selected publications:

- "Testing for Convergence Clubs: A Predictive Density Approach", *International Economic Review*, 2004.
- "Forecasting and Turning Point Predictions in a Bayesian Panel VAR model" (with M. Ciccarelli), forthcoming *Journal of Econometric*, 2004.
- "Monetary Disturbances Matter for Business Fluctuations in the G-7" (with G. De Nicolò), *Journal of Monetary Economics*, 2002.

$$C_t = \left( \int_0^1 C_t(i)^{\frac{\epsilon-1}{\epsilon}} di \right)^{\frac{\epsilon}{\epsilon-1}}$$

**Antonio Ciccone** is ICREA Research Professor at Universitat Pompeu Fabra. He earned a MSc in Econometrics and Mathematical Economics at the London School of Economics in 1990 and a PhD in Economics at Stanford University in 1994. He is a CEPR Fellow, editor of *Regional Science and Urban Economics*, and member of the editorial board of the *Review of Economic Studies*. His teaching focuses on advanced macroeconomics. He has taught at Berkeley, Stanford, the London Business School, as well as the European Commission and the European Central Bank. His research interests are in macroeconomics, development economics, and regional economics.



**Selected publications:**

- "Trade and Productivity" (with Francisco Alcalá) *Quarterly Journal of Economics*, May 2004
- "Individual-Specific Uncertainty and Status-Quo Bias: Comment," *American Economic Review*, July 2004.
- "Input Chains and Industrialization," *Review of Economics Studies*, July 2002.

**Jordi Gali** earned his Ph.D. in Economics at the Massachusetts Institute of Technology in 1989. He has held academic positions at New York University and Columbia University. Currently he is the director and senior researcher at the Center for Research in International Economics (CREI) and a Professor at Universitat Pompeu Fabra. He is co-director of the International Macroeconomics Programme of the CEPR, a Research Associate of the NBER, and a consultant to the European Central Bank and the Bank of Spain. He is also the co-editor of the *Journal of the European Economic Association (JEEA)*. His research interests include macroeconomic theory, monetary economics, and macroeconometrics.



**Selected publications:**

- "Monetary Policy and Exchange Rate Volatility in a Small Open Economy," (with T. Monacelli), *Review of Economic Studies*, forthcoming.
- "Technology Shocks and Aggregate Fluctuations: How Well Does the Real Business Cycle Model Explain Postwar U.S. Data?," (with P. Rabanal), *NBER Macroeconomics Annual*, forthcoming.
- "Monetary Policy Rules and Macroeconomic Stability: Evidence and Some Theory", (with R. Clarida and M. Gertler), *Quarterly Journal of Economics*, January 2000.
- "Inflation Dynamics: A Structural Econometric Analysis" (with M. Gertler), *Journal of Monetary Economics*, 1999.
- "The Science of Monetary Policy: A New Keynesian Perspective," (with R. Clarida and M. Gertler), *Journal of Economic Literature*, December 1999.

$$\omega_a [I - \rho_a A_T]^{-1} B_T \Delta a_t + \omega_g [I - \rho_g A_T]^{-1} B_T g_t$$

**Albert Marcet** graduated in Economics at the Universitat Autònoma de Barcelona (1982) and earned his Ph.D. in Economics at the University of Minnesota (1987).



He is Professor d'Investigació at the Institut d'Anàlisi Econòmica, Barcelona. He has also been Professor at Universitat Pompeu Fabra (1990-2003) and Carnegie-Mellon University, Pittsburgh (1986-1992) and has been a visitor at the ECB, London Business School, CEMFI (Madrid), the Federal Reserve Bank of Minneapolis and the Universitat Autònoma de Barcelona

His main areas of research are macroeconomics, fiscal policy, solution methods of dynamic models, financial economics and learning models.

**Selected publications:**

- "Recurrent Hyperinflations and Learning" (with J. P. Nicolini), *American Economic Review*, December 2003.
- "Optimal Taxation without State-Contingent Debt" (with R. Aiyagari, T. J. Sargent and J. Seppala) *Journal of Political Economy*, December 2002.
- "Equilibrium Asset Prices and Savings in a Model with Heterogeneous Agents, Incomplete Markets and Liquidity Constraints", (with K. Singleton), *Macroeconomic Dynamics*, June 1999.

**Ramon Marimon** earned his Ph.D. in Economics at Northwestern University 1984. Full professor at the Universitat Pompeu Fabra (since 1990) and at the European University Institute (1994-2000) was previously assistant and associate professor at the University of Minnesota and has been visiting professor at Stanford University, Cambridge University, the Federal Reserve Bank of Minneapolis, the International Monetary Fund and the Santa Fe Institute, among other places.



Co-founder of UPF as Dean and Chair of Economics and Business, was the first director of the Centre de Recerca en Economia Internacional and Secretary of State for Science and Technology in the Spanish Ministry of Science and Technology (2000-2002). Research fellow of the NBER (since 1992) and of the CEPR (since 1993) has been co-editor of the *Review of Economic Dynamics* and is currently member of the Council of the European Economic Association, president of the Spanish Economic Association and director of the Centre de Referencia d'Economia Analítica (CREA).

His research interests include Macroeconomics, Monetary Theory, Labor Theory, Political Economy, Contract Theory, Learning Theory, and Science and Innovation Policy.

**Selected publications:**

- "Aggregate Consequences of Limited Contract Enforceability" (with Thomas Cooley and Vincenzo Quadrini), *Journal of Political Economy*, 2004.
- "Strategic Delegation in Monetary Unions" (with V.V. Chari and L. Jones), *The Manchester School*, 2004.
- "Inside-Outside Money Competition" (with J.P.Nicolini and P.Teles), *Journal of Monetary Economics*, 2003.
- "Convergence of Monetary Inflation Models with Heterogeneous Learning Rules," (with G. Evans and S. Honkapohja), *Macroeconomic Dynamics*, 2001.
- "Employment and Distributional Effects of Restricting Working Time" (with F. Zilibotti), *European Economic Review*, 2000.

$$\begin{bmatrix} x_t \\ \pi_t \end{bmatrix} = A_T \begin{bmatrix} E_t \{ x_{t+1} \} \\ E_t \{ \pi_{t+1} \} \end{bmatrix} + B_T$$

**Diego Puga** earned his PhD in Economics at the London School in Economics in 1997. Normally based at the University of Toronto, he is currently a visiting researcher at the Centre de Recerca en Economia Internacional and a CREA visiting professor at the Department of Economics and Business of Universitat Pompeu Fabra. He has taught courses at the London School of Economics, Northwestern University, the Norwegian School of Economics and Business Administration, Universitat Pompeu Fabra and the University of Toronto.



He is editor of the *Journal of Economic Geography*, a member of the editorial board of the *Journal of the European Economic Association* and the *Journal of Regional Science*, and a Research Fellow of the CEPR, the NBER and the CIAR.

His research interests include urban and regional economics, international trade, and the economics of innovation.

**Selected publications:**

- "Micro-foundations of urban agglomeration economies" (with Gilles Duranton), in J. Vernon Henderson and Jacques-François Thisse (eds.) *Handbook of Regional and Urban Economics*, Amsterdam: North-Holland, 2004,
- "Nursery Cities: Urban diversity, process innovation, and the life cycle of products" (with Gilles Duranton), *American Economic Review*, December 2001.
- "Agglomeration and economic development: Import substitution vs. trade liberalization" (with Anthony J. Venables), *Economic Journal*, April 1999.
- "The rise and fall of regional inequalities", *European Economic Review*, February 1999.

**Xavier Sala-i-Martin**



earned his Ph.D. in Economics at Harvard in 1990. Currently he is Professor in the Department of Economics at Columbia University, and a Visiting Professor at UPF. He has been an associate Professor at the Department of Economics at Yale University and visiting professor at Harvard University. He has also taught at Universitat Pompeu Fabra, Harvard University, New York University, Yale University and the International Monetary Fund, among other places. He is the President of the Economic Commission of Futbol Club Barcelona.

His research interests include economic growth, macroeconomics, public finance and social security, health and population economics, and monetary economics.

He is a member of the Board of Editors of the *Journal of Economic Growth*, *Macroeconomics Dynamics*, and *Economics Letters*. He is also a Research Fellow at the CEPR and the NBER a Senior Economic Advisor of the World Economic Forum at Davos, Editor of the Global Competitiveness Report of the World Economic Forum 2003. He has been consultant for the World Bank and the International Monetary Fund.

**Selected publications:**

- "The World Distribution of Income: Falling Inequality and Convergence, Period", mimeo Columbia University, march 2005, forthcoming in *Quarterly Journal of Economics*, 2005.
- "Determinants of Long-Term Growth: A Bayesian Average of Classical Estimates (Bace) Approach" (with Gernot Doppelhoffer and Ronald Miller), *American Economic Review*, September 2004.
- "The Economic Tragedy of the XXth Century: Growth in Africa" (with Elsa V. Artadi), in *African Competitiveness Report of the World Economic Forum*, September 2003.
- *Economic Growth*, 2nd Edition MIT Press, Cambridge, MA. 2003 (with Robert Barro).
- "Health Investment Complementarities under Competing Risks," (with Will Dow and Tom Philipson), *American Economic Review*, December 1999.

$$\pi_t = \beta E_t\{\pi_{t+1}\} + \kappa x_t$$



**Jaume Ventura** earned his Ph.D. in Economics at Harvard University in 1995. Currently he is a Senior Researcher at CREI. Previously, he has held academic positions at MIT and the University of Chicago. He is co-director of the International Macroeconomics Programme of the CEPR and editor of *The Economic Journal*. He is also a Faculty Research Fellow at the NBER, associate editor of the *Review of Economic Studies*, *Journal of the European Economic Association*, *Spanish*

*Economic Review*, *Bepress Journals in Macroeconomics and Moneda y Crédito*. He has served as a consultant to the World Bank and the Inter-American Development Bank. His research interests include international economics and macroeconomics.

**Selected publications:**

- "Trade Integration and Risk Sharing" (with A. Kraay), *European Economic Review*, June 2002.
- "A Portfolio View of the Current Account Deficit", *Brookings Papers*, July 2001.
- "Current Accounts in Debtor and Creditor Countries" (with A. Kraay), *Quarterly Journal of Economics*, November 2000.

# REGISTRATION FORM

## BMSS 2005

Name \_\_\_\_\_

Affiliation \_\_\_\_\_

Address \_\_\_\_\_

e-mail \_\_\_\_\_ tel. \_\_\_\_\_

I would like to register for the following courses:

- Monetary Policy, Inflation, and the Business Cycle** (10 hours) / June 27-July 1
- Cities and Economic Geography** (10 hours) / June 27-July 1
- Fiscal Policy and the Business Cycle** (10 hours) / June 27-July 1
- Economic Growth and Development I** (10 hours) / June 27-July 1
- Globalization and Financial Markets** (10 hours) / July 4-8
- Economic Growth and Development II** (10 hours) / July 4-8
- Credibility and Learning with Applications to Economic Policy** (10 hours) / July 4-8
- Bayesian Methods for Estimation of VARs and DSGE Models** (15 hours) / July 4-8

Total price: Euros \_\_\_\_\_

Indicate desired form of payment:

1.  **Credit card**
- VISA     MASTERCARD     AMEX    \_\_\_\_\_  
Expiration date

\_\_\_\_\_ Credit card number

\_\_\_\_\_ Credit card holder

2.  **Bank Transfer:**
- FAX a copy of the bank transfer order to # (34) 93 542 18 60 (note: Bank transfer expenses on your account)

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*Branch:* Beethoven, 8, 08021 Barcelona, Spain  
*Account:* 0182 1027 79 0010145892  
*Swift code:* BBVAESMMXXX  
*Iban Code:* IBAN ES85 0182 1027 7900 1014 5892

3.  **Check in Euros enclosed** (payable to CREI)

Send the completed form by e-mail to [crei@upf.edu](mailto:crei@upf.edu), by fax, or by regular mail to:

**CREI - Universitat Pompeu Fabra**  
 Ramon Trias Fargas, 25-27 - 08005 Barcelona (Spain)  
 Tel: (34) 93 542 24 98 - Fax: (34) 93 542 18 60

**Registration will be confirmed only when payment is received**

For information on accommodation facilities, please visit our website:  
<http://www.creiweb.org>

$$\delta = \frac{1 - \sqrt{1 - 4\beta a^2}}{2a\beta} \in (0, 1)$$