

Preliminary Reading List

Overview

This class focuses on models of household heterogeneity and household decision making, with a special focus on models that account for bargaining within families. Many of the household decisions that are central to aggregate outcomes, such as labor supply, savings, and fertility, are made within families, yet most macro models abstract from the inner workings of the family and build on unitary, representative households. The course covers research that shows that taking account of the family can give new and improved answers for central macroeconomic questions. Applications include the determination aggregate labor supply and savings, macroeconomic models of the evolution of inequality and social mobility, issues in “family macroeconomics” such as fertility decisions and models of marriage and divorce, applications to economic growth and development, and the link between parenting decisions and the evolution of macroeconomic inequality. Some of these topics are at the intersection of macroeconomics with structural labor economics, and we will discuss research originating in either field. We will also discuss topics related to macro-development and growth such as models of institutional change and idea transmission.

Evaluation will be based on class participation, a report on, replication of, and presentation of a paper related to the class, and by the submission of a research proposal related to the topics discussed in the class.

LEGAL NOTICE

This class or portions of this class will be recorded by the instructor for educational purposes and available to the class during the quarter. Your instructor will communicate how you can access the recordings. Portions of the course that contain images, questions or commentary/discussion by students will be edited out of any recordings that are saved beyond the current term.

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Topics and Preliminary Reading List

Overview Articles

Doepke, Matthias, and Michèle Tertilt. 2016. "Families in Macroeconomics." Chapter 23 of *Handbook of Macroeconomics*, edited by John B. Taylor and Harald Uhlig, Volume 2 of *Handbook of Macroeconomics*, 1789–1891. Elsevier.

Greenwood, Jeremy, Nezih Guner, and Guillaume Vandenbroucke. 2017. "Family Economics Writ Large." *Journal of Economic Literature* 55 (4): 1346–1434.

Bargaining in the Household

Doepke, Matthias and Michèle Tertilt. 2019. "Does Female Empowerment Promote Economic Development?" *Journal of Economic Growth*, 24(4), 309–343.

Heath, Rachel and Xu Tan. 2019. "Intrahousehold Bargaining, Female Autonomy, and Labor Supply: Theory and Evidence from India." Forthcoming, *Journal of the European Economic Association*.

Lise, Jeremy, and Shannon Seitz. 2011. "Consumption Inequality and Intra-Household Allocations." *Review of Economic Studies* 78:328–355.

Lise, Jeremy, and Ken Yamada. 2018. "Household Sharing and Commitment: Evidence from Panel Data on Individual Expenditures and Time Use." *Review of Economic Studies*, 86:5, 2184–2219.

Mazzocco, Maurizio. 2007. "Household Intertemporal Behaviour: A Collective Characterization and a Test of Commitment." *Review of Economic Studies* 74 (3): 857–895.

Mazzocco, Maurizio. 2008. "Individual Rather Than Household Euler Equations: Identification and Estimation of Individual Preferences Using Household Data." Unpublished Manuscript, UCLA.

Mazzocco, Maurizio, Claudia Ruiz, and Shintaro Yamaguchi. 2013. "Labor Supply, Wealth Dynamics, and Marriage Decisions." Unpublished Manuscript, UCLA.

Mazzocco, Maurizio, Claudia Ruiz, and Shintaro Yamaguchi. 2015. "Labor Supply and Household Dynamics." *American Economic Review: Papers and Proceedings*, Vol. 104, No. 5, pp. 354–359.

Mazzocco, Maurizio and Pierre Andre Chiappori. 2018. "Static and Intertemporal Household Decisions." Forthcoming, *Journal of Economic Literature*.

Voena, Alessandra. 2015. "Yours, Mine, and Ours: Do Divorce Laws Affect the Intertemporal Behavior of Married Couples?" *American Economic Review* 105 (8): 2295–2332.

Fernandez, Raquel, and Joyce Cheng Wong. 2017. "Free to Leave? A Welfare Analysis of Divorce Regimes." *American Economic Journal: Macroeconomics*, 9(3): 72–115.

Household Labor Supply

Albanesi, Stefania. "Changing Business Cycles: The Role of Women's Employment." Unpublished Manuscript, University of Pittsburgh, 2018.

Albanesi, Stefania and Ayegl Sahin. 2018. "The Gender Unemployment Gap." *Review of Economic Dynamics* 30: 47-67.

Alon, Titan, Sena Coskun, and Matthias Doepke. 2020. "Trends in Work and Leisure: Its a Family Affair." Unpublished Manuscript, Northwestern University.

Attanasio, Orazio, Hamish Low, and Virginia Sanchez-Marcos. 2008. "Explaining Changes in Female Labor Supply in a Life-Cycle Model." *American Economic Review* 98 (4): 1517–52.

Blundell, Richard, Luigi Pistaferri, and Itay Saporta-Eksten. 2016. "Consumption Inequality and Family Labor Supply." *American Economic Review* 106 (2): 387–435.

Blundell, Richard, Luigi Pistaferri, and Itay Saporta-Eksten. 2017. "Children, Time Allocation, and Consumption Insurance." NBER Working Paper 24006.

Borella, Margherita, Mariacristina De Nardi, and Fang Yang. 2019. "Are marriage-related taxes and Social Security benefits holding back female labor supply?" CEPR Discussion Paper 14196.

Borella, Margherita, Mariacristina De Nardi, and Fang Yang. 2018. "The Aggregate Implications of Gender and Marriage." *Journal of the Economics of Ageing*, special issue on "Macroeconomics and Aging," edited by Tim Kehoe and Juan Carlos Conesa, pages 6–26.

Eckstein, Zvi, and Osnat Lifshitz. 2011. "Dynamic Female Labor Supply." *Econometrica* 79 (6): 1675–1726.

Kathrin Ellieroth. 2019. "Spousal Insurance, Precautionary Labor Supply, and the Business Cycle." Job market paper, Indiana University.

Fernandez, Raquel. 2013. "Cultural Change as Learning: The Evolution of Female Labor Force Participation over a Century." *American Economic Review* 103 (1): 472–500.

Fernandez, Raquel, and Joyce Cheng Wong. 2014. "Divorce Risk, Wages and Working Wives: A Quantitative Life-Cycle Analysis of Female Labour Force Participation." *The Economic Journal* 124 (576): 319–58.

Fukui, Masao, Emi Nakamura, and Jn Steinsson. 2018. "Women, Wealth Effects, and Slow Recoveries." NBER Working Paper 25311.

Greenwood, Jeremy, Nezih Guner, Georgi Kocharkov and Cezar Santos. 2012. "Technology and the Changing Family: A Unified Model of Marriage, Divorce, Educational Attainment and Married Female Labor-Force Participation," University of Pennsylvania.

Guner, Nezih, Remzi Kaygusuz, and Gustavo Ventura. 2012. "Taxation and Household Labour Supply." *Review of Economic Studies* 79:1113–1149.

Guner, Nezih, Remzi Kaygusuz, and Gustavo Ventura. 2012. "Taxing Women: A Macroeconomic Analysis." *Journal of Monetary Economics* 59 (1): 111–28.

Guvenen, Fatih, and Michelle Rendall. 2015. "Womens Emancipation through Education: A Macroeconomic Analysis." *Review of Economic Dynamics* 18 (4): 931–956.

Jones, Larry E., Rodolfo E. Manuelli, and Ellen R. McGrattan. 2015. "Why are Married Women Working so Much?" *Journal of Demographic Economics* 81 (1): 75–114.

Knowles, John A. 2013. "Why are Married Men Working So Much? An Aggregate Analysis of Intra-Household Bargaining and Labour Supply." *The Review of Economic Studies* 80 (3): 1055–85.

Krueger, Dirk and Chunzan Wu. 2018. "How Much Consumption Insurance in Bewley Models with Endogenous Family Labor Supply?" CEPR Discussion Paper 12828.

Fertility Choice

Adda, Jerome, Christian Dustmann, and Katrien Stevens. 2017. "The Career Costs of Children." *Journal of Political Economy* 125 (2): 293–337.

Albanesi, Stefania, and Claudia Olivetti. 2014. "Maternal Health and the Baby Boom." *Quantitative Economics* 5(2): 225–269.

Albanesi, Stefania, and Claudia Olivetti. 2016. "Gender Roles and Medical Progress." *Journal of Political Economy* 124 (3): 650–695.

Bar, Michael, Moshe Hazan, Oksana Leukhina, David Weiss, and Hosny Zoabi. 2018. "Why did Rich Families Increase their Fertility? Inequality and the Marketization of Child Care." Forthcoming, *Journal of Economic Growth*.

Elizabeth Caucutt, Nezih Guner, and John Knowles. 2002. "Why do Women Wait? Matching, Wage Inequality and Incentives for Fertility Delay." *Review of Economic Dynamics*, 5(4), 815–55.

Matthias Doepke, Moshe Hazan, and Yishay Maoz. 2015. "The Baby Boom and World War II: A Macroeconomic Analysis." *Review of Economic Studies*, 82(3), 1031–1073.

Doepke, Matthias and Fabian Kindermann. 2019. "Bargaining over Babies: Theory, Evidence, and Policy Implications". *American Economic Review* 109(9): 3264–3306.

Doepke, Matthias, and Michele Tertilt. 2018. "Womens Empowerment, the Gender Gap in Desired Fertility, and Fertility Outcomes in Developing Countries." *AEA Papers and Proceedings* 108:358– 362.

Hazan, Moshe, and Hosny Zoabi. 2015. "Do Highly Educated Women Choose Smaller Families?" *The Economic Journal* 125 (587): 1191–1226.

Olivetti, Claudia, and Barbara Petrongolo. 2016. "The Economic Consequences of Family Policies: Lessons from a Century of Legislation in High-Income Countries." *Journal of Economic Perspectives* 31 (1): 205–230.

Rasul, Imran. 2008. "Household Bargaining over Fertility: Theory and Evidence from Malaysia." *Journal of Development Economics* 86 (2): 215–241.

Sevilla-Sanz, Almudena. 2010. "Household Division of Labor and Cross-Country Differences in Household Formation Rates." *Journal of Population Economics* 23 (1): 225–249.

Parenting, Early Childhood Education, and the Dynamics of Inequality

Agostinelli, Francesco. 2018. "Investing in Childrens Skills: An Equilibrium Analysis of Social Interactions and Parental Investments." Unpublished Manuscript, Arizona State University.

Agostinelli, Francesco, Morteza Saharkhiz, and Matthew Wiswall. 2019. "Home and School in the Development of Children." NBER Working Paper 26037.

Becker, Gary S., Kevin M. Murphy, and Jrg L. Spenkuch. 2016. "The Manipulation of Childrens Preferences, Old Age Support, and Investment in Childrens Human Capital." *Journal of Labor Economics* 34 (S2): S3–S30.

Bisin, Alberto, and Thierry Verdier. 2001. "The Economics of Cultural Transmission and the Dynamics of Preferences." *Journal of Economic Theory* 97 (2): 298–319.

Bisin, Alberto, and Thierry Verdier. 2010. "The Economics of Cultural Transmission and Socialization." Chapter 9 of *Handbook of Social Economics*, edited by Jess Benhabib, Alberto Bisin, and Matthew O. Jackson, Volume 1A. Amsterdam: Elsevier.

Bolt, Uta, Eric French, Jamie Hentall Maccuish, and Cormac ODea. 2018. "Intergenerational Altruism and Transfers of Time and Money: A Life-cycle Perspective." MRRC Working Paper, WP 2018-379.

Capelli, Damien. 2019. "The Great Gatsby Goes to College: Tuition, Inequality and Intergenerational Mobility in the U.S." Unpublished Manuscript (job market paper), Princeton University.

Caucutt, Elizabeth M., and Lance Lochner. 2017. "Early and Late Human Capital Investments, Borrowing Constraints, and the Family." CHCP Working Paper 2017-3, University of Western Ontario.

Daruich, Diego. 2018. "The Macroeconomic Consequences of Early Childhood Development Policies." Unpublished Manuscript, NYU.

Doepke, Matthias, Giuseppe Sorrenti, and Fabrizio Zilibotti. 2019. "The Economics of Parenting." NBER Working Paper 25533.

Doepke, Matthias, and Fabrizio Zilibotti. 2008. "Occupational Choice and the Spirit of Capitalism." *Quarterly Journal of Economics* 123 (2): 747–93.

Doepke, Matthias, and Fabrizio Zilibotti. 2017. "Parenting with Style: Altruism and Paternalism in Intergenerational Preference Transmission." *Econometrica* 85 (5): 1331–1371.

Doepke, Matthias, and Fabrizio Zilibotti. 2019. *Love, Money, and Parenting: How Economics Explains the Way We Raise Our Kids*. Princeton, New Jersey: Princeton University Press.

Fogli, Alessandra and Veronica Guerreri. 2019. "The End of the American Dream? Inequality and Segregation in US Cities." NBER Working Paper 26143.

Lee, Sang Yoon, and Ananath Seshadri. 2019. "On the Intergenerational Transmission of Economic Status." Forthcoming, *Journal of Political Economy*.

Lizzeri, Alessandro, and Marciano Siniscalchi. 2008. "Parental Guidance and Supervised Learning." *Quarterly Journal of Economics* 123 (3): 1161–95.

Ramey, Garey, and Valerie A. Ramey. 2010. "The Rug Rat Race." *Brookings Papers on Economic Activity Spring*:129–76.

Angela Zheng. 2019. "Residential Sorting, School Choice, and Inequality." Job market paper, NYU.

Models of Idea Transmission

Alvarez, Fernando E., Francisco J. Buera, and Robert E. Lucas Jr. 2008. "Models of Idea Flows," NBER Working Paper 14135.

Alvarez, Fernando E., Francisco J. Buera, and Robert E. Lucas Jr. 2017. "Idea Flows, Economic Growth, and Trade." Unpublished Manuscript.

Buera, Francisco and Ezra Oberfield. 2019. "The Global Diffusion of Ideas." Forthcoming, *Econometrica*.

de la Croix, David, Matthias Doepke, and Joel Mokyr. 2018. "Clans, Guilds, and Markets: Apprenticeship Institutions and Growth in the Pre-Industrial Economy." *Quarterly Journal of Economics*, 133(1), 1–70.

Herkenhoff, Kyle, Jeremy Lise, Guido Menzio, and Gordon Phillips. 2018. "Production and Learning in Teams." NBER Working Paper 25179.

Jarosch, Gregor, Ezra Oberfield, and Esteban Rossi-Hansberg. 2018. "Learning from Coworkers." Unpublished Manuscript, Princeton University.

Jovanovic, Boyan, "Misallocation and Growth," *American Economic Review*, 104 (2014), 1149–1171.

Jovanovic, Boyan, and Rafael Rob, "The Growth and Diffusion of Knowledge," *Review of Economic Studies*, 56 (1989), 569–582.

Lucas, Robert E., Jr., "Ideas and Growth," *Economica*, 76 (2009), 1–19.

Lucas, Robert E., Jr., and Benjamin Moll, "Knowledge Growth and the Allocation of Time," *Journal of Political Economy*, 122 (2014), 1–51.

Luttmer, Erzo G. J. 2015. "An Assignment Model of Knowledge Diffusion and Income Inequality," Unpublished Manuscript, University of Minnesota.

Perla, Jesse, and Christopher Tonetti. 2014. "Equilibrium Imitation and Growth," *Journal of Political Economy*, 122 (2014), 52–76.

Perla, Jesse, Christopher Tonetti, and Michael E. Waugh. 2019. "Equilibrium Technology Diffusion, Trade, and Growth." Unpublished Manuscript, Stanford University.

Benhabib, Jess, Perla, Jesse, and Christopher Tonetti. 2019. "Reconciling Models of Diffusion and Innovation: A Theory of the Productivity Distribution and Technology Frontier." Unpublished Manuscript, Stanford University.

Financial Constraints, Heterogeneity in Propensities to Consume, and the Redistributive Effects of Monetary Policy

Auclert, Adrien. 2016. Monetary Policy and the Redistribution Channel.

Coibion, Olivier, Yuriy Gorodnichenko, Lorenz Kueng, and John Silvia. 2012. "Innocent Bystanders? Monetary Policy and Inequality in the U.S." Working Paper 18170, National Bureau of Economic Research.

Doepke, Matthias, and Martin Schneider. 2005. "Aggregate Implications of Wealth Redistribution: The Case of Inflation." *Journal of the European Economic Association* 4(2-3): 493-502.

Doepke, Matthias, and Martin Schneider. 2006. "Inflation and the Redistribution of Nominal Wealth." *Journal of Political Economy* 114(6): 1069-1097.

Doepke, Matthias, Martin Schneider, and Veronika Selezneva. 2016. "Distributional Effects of Monetary Policy." Unpublished Manuscript.

Garriga, Carlos, Finn Kydland, and Roman Sustek. 2016. "Mortgages and Monetary Policy."

Gornemann, Nils, Keith Kuester, and Makoto Nakajima. 2016. "Monetary Policy with Heterogeneous Agents."

Greenwald, Daniel L. 2016. "The Mortgage Credit Channel of Macroeconomic Transmission."

Heathcote, Jonathan. 2005. "Fiscal Policy With Heterogeneous Agents and Incomplete Markets." *Review of Economic Studies*, 72 (1), 161-188.

Kaplan, Greg, Benjamin Moll, and Gianluca Violante, "Monetary Policy According to HANK," Manuscript, January 2016.

Kaplan, Greg, Gianluca Violante, and Justin Weidner. 2014. "The Wealthy Hand-To-Mouth." *Brookings Papers on Economic Activity*.

Kaplan, Greg, and Gianluca Violante. 2014. A Model of the Consumption Response to Fiscal Stimulus Payments. *Econometrica*, Vol. 82(4), 1199-1239.

Patterson, Christina. 2019. "The Matching Multiplier and the Amplification of Recessions." Unpublished Manuscript, Northwestern University.

Sterk, Vincent, and Silvana Tenreyro. 2014. "The Transmission of Monetary Policy Operations through Redistributions and Durable Purchases." Unpublished Manuscript, London School of Economics.

Wong, Arlene. 2016. "Population Aging and the Transmission of Monetary Policy to Consumption"

Models with Equilibrium Household Default

Chatterjee, Satyajit, Dean Corbae, Makoto Nakajima, and Jose-Victor Rios-Rull. 2007. "A Quantitative Theory of Unsecured Consumer Credit with Risk of Default." *Econometrica* 75(6):1525–1589.

Livshits, Igor, Jim MacGee, and Michele Tertilt. 2007. "Consumer Bankruptcy—A Fresh Start." *American Economic Review* 97(1): 402–418.

Livshits, Igor, Jim MacGee, and Michele Tertilt. 2010. "Accounting for the Rise in Consumer Bankruptcies.: *American Economic Journal: Macroeconomics* 2(2): 165-193.

Livshits, Igor, Jim MacGee, and Michele Tertilt. 2016. "The Democratization of Credit and the Rise in Consumer Bankruptcies." *Review of Economic Studies*, forthcoming.

Mitman, Kurt. 2016. "Macroeconomic Effects of Bankruptcy and Foreclosure Policies." *American Economic Review* 106(8):

Life Cycle Models in Macroeconomics

de Nardi, Mariacristina. 2004. "Wealth Inequality and Intergenerational Links." *Review of Economic Studies* 71 (3): 74–768.

Xiaodong Fan, Chris Taber and Ananth Seshadri. 2015. "Estimation of a Life-Cycle Model with Human Capital, Labor Supply and Retirement." Unpublished Manuscript, University of Wisconsin.

Fernandez-Villaverde, Jesus, and Dirk Krueger. 2011. "Consumption and Saving over the Life Cycle: How Important are Consumer Durables?" *Macroeconomic Dynamics* 15 (11): 725–770.

Jaimovich, Nir, and Henry E. Siu. 2009. "The Young, the Old, and the Restless: Demographic and Business Cycle Volatility." *American Economic Review* 99 (3): 804–826.

Kaplan, Greg. 2012. "Moving Back Home: Insurance against Labor Market Risk." *Journal of Political Economy* 120 (3): 446–512.