

Advanced Macroeconomics 4

Reading List, Micro-Data for Macro-Models

Francis Kramarz

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The Content: This course considers the use of data on workers, producers, households in research on labor markets, product markets (in particular market power), international trade, firms and markets in space, innovation and technology, misallocation, and other connected areas of macroeconomics. A key goal is to help students develop the ability to identify interesting research questions and devise promising research strategies. It will comprise various papers that try to confront clear facts, derived from the micro-data, and macro-theories by using both causal micro-econometrics and structural estimation.

Lectures treat a mix of important, well-established research contributions and new, often rough, papers that seek to advance the frontier. Even though the exact structure of these lectures is not yet fully spelled out at this stage, students will receive assignments that will try to build proficiency in the use of micro-data to address macroeconomic issues, expose students to a variety of useful data sources, and give them first-hand experience in identifying and evaluating important and interesting research questions and research strategies.

Provisional reading list:

Topic 1: Labor Markets, Sorting, and Search

Postel-Vinay, F., J.-M. Robin, 2002, "Equilibrium Wage Dispersion with Heterogeneous Workers and Firms," *Econometrica*, vol. 70(6), 2295-2350.

Lise, J. and J.-M. Robin, 2017, "The Macro-dynamics of Sorting between Workers and Firms," *AER*

Goldschmidt and Schmieder, 2018, "The Rise of Domestic Outsourcing and the Evolution of the German Wage Structure," *QJE*

Carry, P., 2024, "The Effects of the Legal Minimum Working Time on Workers, Firms and the Labor Market," working paper.

Lentz, R., Piyapromdee, S., and J.-M. Robin, forthcoming, "The Anatomy of Sorting – Evidence from Danish Data," *Econometrica*

Topic 2: Market Power

Song et al., 2019, "Firming Up Inequality," *QJE*

Autor et al., 2020, "The Fall of the Labor Share and the Rise of Superstar Firms," *QJE*

Kehrig and Vincent, 2021, "The Micro-Level Anatomy of the Labor Share Decline," *QJE*

De Loecker, Eeckhout, and Unger, 2020, "The Rise of Market Power and the Macroeconomic Implications," *QJE*

Topic 3: Trade

J. Eaton, S. Kortum, F. Kramarz, 2011, “An Anatomy of International Trade: Evidence from French Firms,” *Econometrica*, 79(5), 1453-1498.

Donaldson, 2018, “Railroads of the Raj: Estimating the Impact of Transportation Infrastructure,” *AER*

Arkolakis, Costinot, Donaldson, and Rodriguez-Clare, 2019, “The Elusive Pro-Competitive Effects of Trade,” *Review of Economic Studies*

Adao, Carrillo, Costinot, Donaldson, and Pomeranz, 2022, “Imports, Exports, and Earnings Inequality: Measures of Exposure and Estimates of Incidence,” *QJE*

Eaton, Kortum, and Kramarz, 2024, “Firm-to-Firm Trade: Imports, Exports, and the Labor Market,” conditionally accepted, *Econometrica*

Topic 4: Space and Regions

Autor, David, David Dorn, and Gordon Hanson, 2013, “The China Syndrome: Local Labor Market Effects of Import Competition in the United States,” *American Economic Review*, 103(6), 2121-68

Nakamura, Emi and Jon Steinsson, 2014, “Fiscal Stimulus in a Monetary Union: Evidence from U.S. Regions,” *American Economic Review*, 104(3), 753-92

Diamond and Gaubert, 2022, “Spatial Sorting and Inequality,” *Annual Review of Economics*

Donaldson, 2022, “Blending Theory and Data: A Space Odyssey,” *Journal of Economic Perspectives*

Topic 5: Innovation and Technology

Klette and Kortum, 2004, “Innovating Firms and Aggregate Innovation,” *Journal of Political Economy*

Acemoglu and Autor, 2011, “Skills, Tasks, and Technologies,” *Handbook of Labor Economics*, North-Holland

Garcia-Macia, Daniel, Hsieh, Chang-Tai and Peter J. Klenow, 2019, “How Destructive is Innovation?” *Econometrica*, 87, September: 1507-1541

Topic 6: Misallocation, Finance

Hsieh, Chang-Tai and Peter J. Klenow, 2009, “Misallocation and Manufacturing TFP in China and India,” *Quarterly Journal of Economics*

Hsieh, Chang-Tai and Peter J. Klenow, 2014, “The Life Cycle of Plants in India and Mexico,” *Quarterly Journal of Economics*

Hsieh, Chang-Tai, Hurst, Erik, Jones, Charles, and Peter J. Klenow, 2019, “The Allocation of Talent and U.S. Economic Growth,” *Econometrica*

Sraer and Thesmar, 2023, “How to Use Microdata for Macro-Finance,” *Annual Review of Financial Economics*