

CREST - GENES

Cours doctoraux 2018 – 2019

Firm Dynamics and Input-Output Networks in Macroeconomics

Basile Grassi
Bocconi University

SCHEDULE	Monday	15th October 2018 22nd October 2018	De 14h à 17h De 14h à 17h	Salle 2047
	Thursday	18th October 2018 25th October 2018	De 17h à 19h	Salle 2047

Production in modern economies is characterized by a complex interlock of a supply chain network among very heterogeneous firms. Indeed, even within the same narrowly defined industry, firms are greatly different with respect to size, productivity, age, quality, mark-ups, number of goods produced.

How to measure this heterogeneity and what are its source? How does this heterogeneity and the firm-to-firm network affect aggregate outcome? What is the role of this heterogeneity to explain cross-country difference in aggregate productivity? How does this complex structure of production affect the business cycle?

Many macroeconomic models assume that production is carried out by one representative firm. Does departing from the assumption of a representative firm matter for macroeconomics? In this lecture, we review how recent developments in macroeconomics answered this question. After reviewing the stylized facts about firms/industry dynamics, we will describe the standard models that can rationalize these facts. We then discuss how frictions faced by firm can generate misallocation of factors and affect the level of aggregate productivity. Finally, we will study how firm and industry dynamics shape the business cycle.

Outline:

- 1. Empirical Evidence:** What do we know about firm heterogeneity?
- 2. Standard Models of Firm Dynamics:** Lucas, Hopenhayn, Melitz, Acemoglu.
- 3. Frictions and Misallocation:** How does firm heterogeneity affect the allocation of factors?
- 4. Firm, Sector Dynamics and the Business Cycle:** Micro-origin of aggregate fluctuations.

References:

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