

ECONOMICS 202A, Part II

READING LIST

VI. Consumption

- *David Romer, *Advanced Macroeconomics*, third edition, Chapter 7, “Consumption,” Sections 7.1-7.4 and 7.6, pp. 346-365 and 370-385.
- *Lars Ljungqvist and Thomas J. Sargent, *Recursive Macroeconomic Theory*, second edition (Cambridge: MIT Press, 2004), Chapter 3 and pp. 109-118.
- Milton Friedman, *A Theory of the Consumption Function*, Chapters 1-3, pp. 3-37.
- Robert Hall, “Stochastic Implications of the Life Cycle-Permanent Income Hypothesis: Theory and Evidence,” *Journal of Political Economy*, December 1978, pp. 971-987.
- *Chang-Tai Hsieh, “Do Consumers React to Anticipated Income Changes? Evidence from the Alaska Permanent Fund,” *American Economic Review*, March 2003, pp. 397-405.
- *Claudia R. Sahm, Matthew D. Shapiro, and Joel B. Slemrod, “Check in the Mail or More in the Paycheck: Does the Effectiveness of Fiscal Stimulus Depend on How It Is Delivered?” National Bureau of Economic Research Working Paper No. 16246, July 2010.

VII. Investment

- *David Romer, *Advanced Macroeconomics*, third edition, Chapter 8, “Investment,” Sections 8.1-8.8, pp. 386-417.
- Maurice Obstfeld and Kenneth Rogoff, *Foundations of International Macroeconomics* (Cambridge: MIT Press, 1996), pp. 105-113.
- *Jason Cummins, Kevin Hassett, and R. Glenn Hubbard, “A Reconsideration of Investment Behavior Using Tax Reforms as Natural Experiments,” *Brookings Papers on Economic Activity*, 1994:2, pp. 1-74.
- Lawrence Summers, “Taxation and Corporate Investment: A q-Theory Approach,” *Brookings Papers on Economic Activity*, 1981:1, pp. 67-127.

VIII. Financial Markets

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Robert E. Lucas, Jr., "Asset Prices in an Exchange Economy," *Econometrica*, December 1978, pp. 1429-1445.

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*Ben S. Bernanke, Mark Gertler, and Simon Gilchrist, "The Financial Accelerator and the Flight to Quality," *Review of Economics and Statistics*, February 1996, pp. 1-15.

*Andrei Shleifer and Robert Vishny, "The Limits of Arbitrage," *Journal of Finance*, March 1997, pp. 35-55.

Lawrence H. Summers, "Does the Stock Market Rationally Reflect Fundamental Values?" *Journal of Finance*, July 1985, pp. 591-601.

Rajnish Mehra and Edward C. Prescott, "The Equity Premium: A Puzzle," *Journal of Monetary Economics*, March 1985, pp. 145-161.

J. Bradford DeLong, Andrei Shleifer, Lawrence H. Summers, and Robert J. Waldmann, "Noise Trader Risk in Financial Markets," *Journal of Political Economy*, August 1990, pp. 703-738.

IX. Financial Crises

*Douglas Diamond and Philip Dybvig, "Bank Runs, Deposit Insurance, and Liquidity," *Journal of Political Economy*, June 1983, pp. 401-419.

Gary Gorton and Andrew Metrick, "Securitized Banking and the Run on Repo," unpublished paper, July 2010.

*Ben Bernanke and Mark Gertler, "Financial Fragility and Economic Performance," *Quarterly Journal of Economics*, February 1990, pp. 87-114.

*Bengt Holmström and Jean Tirole, "Private and Public Supply of Liquidity," *Journal of Political Economy*, February 1998, pp. 1-40.

*Markus K. Brunnermeier, "Deciphering the Liquidity and Credit Crunch 2007-2008," *Journal of Economic Perspectives*, Winter 2009, pp. 77-100.