

# Course Syllabus

## ECON 7335: Introduction to Information Economics

### Spring 2024

#### **Time and Place:**

Tuesdays and Thursdays (first meeting January 23<sup>rd</sup>, last March 12)  
10:10am - 11:25am  
Goldwin Smith Hall 236

#### **Professor:**

Ryan Chahrour  
Email: [ryan.chahrour@cornell.edu](mailto:ryan.chahrour@cornell.edu)  
Course Homepage: [www.chahrour.net](http://www.chahrour.net)  
Office Hours: Mondays 4:30-5:30pm, or signup via [calendly](#).

#### **Course Overview:**

The course explores alternatives to the full-information, rational expectations paradigm with an emphasis on macroeconomic applications. This course is primarily theoretical. The course begins with a brief overview of techniques for inference and filtering under incomplete information. We then consider models of coordination games, imperfect foresight, rational inattention, adaptive learning, and bounded rationality. Assignments will consist of two problem sets and a research proposal.

#### **Optional Text**

- Laura Veldkamp. *Information Choice in Macroeconomics and Finance*. Princeton University Press, 2011

## **Preliminary Course Outline**

**Week 1:** Introduction to Inference and Filtering

**Week 2:** Static coordination games

- Stephen Morris and Hyun Song Shin. Unique Equilibrium in a Model of Self-Fulfilling Currency Attacks. *The American Economic Review*, 88(3):pp. 587–597, 1998
- Stephen Morris and Hyun Song Shin. Social Value of Public Information. *The American Economic Review*, 92(5):pp. 1521–1534, 2002
- Ryan Chahrour and Gaetano Gaballo. Learning from House Prices: Amplification and Business Fluctuations. *The Review of Economic Studies*, 88(4), July 2021

**Week 3:** Dynamic models of incomplete information

- Michael Woodford. Imperfect common knowledge and the effects of monetary policy. NBER Working Paper, 2001
- Giacomo Rondina and Todd B. Walker. Confounding dynamics. *Journal of Economic Theory*, 196:105251, 2021
- Ryan Chahrour and Kyle Jurado. Recoverability and Expectations-Driven Fluctuations. *The Review of Economic Studies*, 89(1):214–239, 03 2021
- Zhen Huo and Marcelo Pedroni. Dynamic information aggregation: Learning from the past. *Journal of Monetary Economics*, 2023

#### Week 4: News and THE News

- Ryan Chahrour and Kyle Jurado. News or Noise? The Missing Link. *American Economic Review*, 108(7):1702–36, 2018
- Bartosz Mackowiak and Mirko Wiederholt. Rational Inattention and the Business Cycle Effects of Productivity and News Shocks. 2020
- Ryan Chahrour and Kyle Jurado. Optimal foresight. *Journal of Monetary Economics*, 118:245–259, 2021
- Kristoffer P. Nimark and Stefan Pitschner. News media and delegated information choice. *Journal of Economic Theory*, 181:160 – 196, 2019

#### Week 5: Information choice and rational inattention

- Sanford J. Grossman and Joseph E. Stiglitz. On the Impossibility of Informationally Efficient Markets. *The American Economic Review*, 70(3):pp. 393–408, 1980
- Bartosz Mackowiak and Mirko Wiederholt. Optimal Sticky Prices under Rational Inattention. *American Economic Review*, 99(3):769 – 803, 2009
- Filip Matějka and Alisdair McKay. Rational Inattention to Discrete Choices: A New Foundation For the Multinomial Logit Model. *American Economic Review*, 105(1):272–98, 2015
- Kyle Jurado. Rational inattention in the frequency domain. *Economic Research Initiatives at Duke (ERID) Working Paper*, (298), 2020

#### Week 6: Near-Rational Beliefs

- George-Marios Angeletos and Zhen Huo. Myopia and anchoring. Technical report, National Bureau of Economic Research, 2018
- Rava Azeredo da Silveira and Michael Woodford. Noisy memory and over-reaction to news. *AEA Papers and Proceedings*, 109:557–61, May 2019

- Mariana García-Schmidt and Michael Woodford. Are low interest rates deflationary? a paradox of perfect-foresight analysis. *American Economic Review*, 109(1):86–120, January 2019

**Week 7:** Survey expectations

- Olivier Coibion and Yuriy Gorodnichenko. Information rigidity and the expectations formation process: A simple framework and new facts. *American Economic Review*, 105(8):2644–78, August 2015
- Pedro Bordalo, Nicola Gennaioli, Yueran Ma, and Andrei Shleifer. Overreaction in macroeconomic expectations. *American Economic Review*, 110(9):2748–82, September 2020
- Alexandre N. Kohlhas and Ansgar Walther. Asymmetric attention. *American Economic Review*, 111(9):2879–2925, September 2021
- Nathan Goldstein and Yuriy Gorodnichenko. Expectations formation and forward information. Working Paper 29711, National Bureau of Economic Research, January 2022

**Week NA:** Adaptive learning in macro models

- Fabio Milani. Expectations, Learning and Macroeconomic Persistence. *Journal of Monetary Economics*, 54(7):2065 – 2082, 2007
- Stefano Eusepi and Bruce Preston. Expectations, Learning, and Business Cycle Fluctuations. *American Economic Review*, 101(6):2844 – 2872, 2011