Course description

This is the first half of the econ department’s PhD course in advanced macro. The objective of the course is to introduce you to current research being done on real and monetary macro modeling. As such, we will talk about the empirical and theoretical results that the recent literature has stressed and cover any needed analytical techniques along the way.

To function in this class you should have a decent understanding of dynamic general equilibrium analysis as seen in the modern macro literature. That is, you should be comfortable picking up one of these articles and at least getting the motivation and interpretation of the model’s key equations. As such, there is no required text for this course and we will be working through journal articles.

Evaluation

Evaluation will be based on three parts: Research paper, in-class presentations, and referee reports.

1. Research paper proposal: You will be required to hand in a research paper at the end of the quarter. The paper should not be a complete full paper. Rather, the paper should include an introduction that states the research question, the related literature and a discussion of how you would go about doing the actual work. That is, if your project is empirical then you should lay out the approach you will pursue, what problems you might face (e.g., identification, data limitations etc.). If your project is theoretical then you should explain the elements of the model that you will introduce and any other related parts (e.g, will you require specific numerical methods etc.)

2. Each of you will do at least one in-class presentation of a paper from the reading list. A presentation of a paper should take about 30 minutes. You should be able to cover the paper in no more than ten slides. After these ten slides you should have two slides of "what I like and what I do not like" in the paper. The final 13th slide should be what questions for future research you have based on the paper. Note that some presentation involve two papers - in this case you should allocate about 45 minutes and about 20 slides for the two papers and the same two slides as before.
3. For each of the presentations all of students will have to submit a referee report of two-three pages. See "http://economics.ca/cje/en/referees.php" and "http://www.roie.org/howr.htm" for instructions on how to write a referee report.

**Real Models**

- Benchmark one-sector RBC model.

1. Notes that cover:
   - Basic model, Calibration, Simulation, Basic extensions.
   - Challenges to the theory:
     * Volatility of hours: Frisch labor supply vs. income effects.
     * TFP: volatility and correlation with output.
     * Sectoral comovement.
   - Heterogeneity.

2. Reading:

- **News/Information/Signals**

1. Notes that cover the basic issues with the news literature.

2. Reading - Empirical literature
   (b) Beaudry and Lucke "Letting Different Views about Business Cycles Compete", mimeo UBC.
   (c) Stephanie Schmitt-Grohe Martin Uribe, "What’s News In Business Cycles?", mimeo Columbia University.
   (d) Barksy and Sims, "News Shocks", mimeo Notredame University.

- **Great Moderation**
1. Readings:

• Government multiplier

1. Readings:
   (a) Robert Hall, "By How Much Does GDP Rise if the Government Buys More Output?", mimeo Stanford.
   (b) Christiano, Eichenbaum, Rebelo, "When is the Government Spending Multiplier Large?", mimeo Stanford.
   (c) Reich, Feivson, Liscow, Woolston, "Does state fiscal relief during recessions create jobs? Evidence from the American recovery and reinvestment act", mimeo Stanford.

Monetary Models

• What are we after?

1. Basic Notes of first-generation models.
2. Reading:
   (a) Romer: advanced macroeconomics, chapter 6
   (b) Christiano, Eichenbaum, and Evans, "Monetary Policy Shocks: What Have We Learned and to What End?" in Woodford and Taylor (eds.) Handbook of Monetary Economics, North Holland.

• Models - fitting the aggregates

1. Basic notes on CEE.
2. Reading:
• Micro pricing research

1. Readings:
   (c) Klenow and Malin, "Microeconomic Evidence on Price-Setting", mimeo Stanford University.

• Models - fitting the micro and implications for aggregates

1. Basic notes on models/
2. Readings:

Order of presentations

1. One Paper:
2. Two papers:
   
   
   (b) Beaudry and Lucke "Letting Different Views about Business Cycles Compete", mimeo UBC.

3. Two papers:
   
   (a) Barksy and Sims, "News Shocks", mimeo Notredame University
   

4. One Paper
   
   (a) Stephanie Schmitt-Grohe Mart¬n Uribe, "What’s News In Business Cycles?", mimeo Columbia University.

5. Three papers:

   
      (b) Christiano, Eichenbaum, Rebelo, "When is the Government Spending Multiplier Large?", mimeo Stanford.
   
      (c) Reich, Feivson, Liscow, Woolston, "Does state fiscal relief during recessions create jobs? Evidence from the American recovery and reinvestment act", mimeo Stanford.

1. Two papers:
   
   

2. Two papers:
   
   (a) Christiano, Eichenbaum, and Evans, "Monetary Policy Shocks: What Have We Learned and to What End?" in Woodford and Taylor (eds.) Handbook of Monetary Economics, North Holland
   

3. One paper
(a) Klenow and Malin, "Microeconomic Evidence on Price-Setting", mimeo Stanford University.

4. Two papers:


5. One paper: