

Economics 8186
Quantitative Macroeconomics
Ellen McGrattan - erm@ellen.mpls.frb.fed.us
Spring Semester 2014

Class time and place: Thursdays 9–12, Hanson 4-190

Prerequisites: Economics 8101-8106

Class requirements: class participation and homeworks

FTP site: <ftp.mpls.frb.fed.us/pub/research/mcgrattan>

Overview of the course:

In this course, I plan to study some open questions in macroeconomics that will require the interaction of theory and data. I include a long list of references that I draw from. I do not plan on working through any papers section by section; I prefer to think about the ideas and claims in these papers and think about future research projects. My goal is to get all students to the point that they can quickly and easily evaluate the promise of a new project before wasting many months hoping for their computer code to run. Thus, the course will be data and computation-intensive. My hope is that students are working on new and interesting applied projects by the end of the course. I also plan to set aside some time during the course for some practical lessons (for example, how to give a good seminar). All students must complete a required set of homeworks.

Useful Textbooks:

- Stokey, Nancy L., Robert E. Lucas Jr., with Edward C. Prescott, 1989, *Recursive Methods in Economic Dynamics* (Cambridge MA: Harvard University Press).
- Sargent, Thomas J., and Lars Ljungqvist, 2000, *Recursive Macroeconomic Theory* (Cambridge MA: MIT Press).
- *Computational Methods for the Study of Dynamic Economies*, 1999, R. Marimon and A. Scott, eds., (Oxford University Press, now available in paperback).

Primary Data Sources:

- Bureau of Economic Analysis (BEA), *National Income and Product Accounts of the United States*, along with Fixed Assets and International Transactions in the *Survey of Current Business*. (www.bea.gov)
- Federal Reserve's *Flow of Funds Accounts of the United States* (FOF). (www.federalreserve.gov/releases/z1/current/data.htm)
- Bureau of Labor Statistics (BLS), *Current population Survey* (CPS) at the Minnesota Population Center (home of IPUMS). (www.ipums.org)
- Bureau of Labor Statistics, *American Time Use Survey* (ATUS). (www.bls.gov/tus)
- Federal Reserve's *Survey of Consumer Finances* (SCF). (www.federalreserve.gov/pubs/oss/oss2/scfindex.html)
- Wharton Research Data Services (WRDS) for financial data. (wrds.wharton.upenn.edu)
- Congressional Budget Office (CBO). (www.cbo.gov)
- Goldsmith, Raymond W., 1962, *The National Wealth of the United States in the Postwar Period* (Princeton N.J.: Princeton University Press).
- Kendrick, John W., 1961, *Productivity Trends in the United States* (Princeton, NJ: Princeton University Press).

Topics:

- Are all business cycles alike?
- Why is labor productivity no longer procyclical?
- Is the U.S. Great Recession a repeat of the U.S. Great Depression?
- Why hasn't there been a recovery in U.S. employment and hours of work?

References

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- Buera, F. and B. Moll, 2011, “Aggregate Implications of a Credit Crunch,” mimeo, Princeton University.
- Cagetti, M., M. De Nardi, and M. Bassetto, 2011, “Credit Crunches and Credit Allocation in a Model of Entrepreneurship,” mimeo, Federal Reserve Bank of Chicago. (www.chicagofed.org)
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- Chari, V.V., Patrick J. Kehoe, Ellen R. McGrattan, 2007, “Business Cycle Accounting,” *Econometrica*, 75:781–836. (www.jstor.org)
- Chari, V.V., Patrick J. Kehoe, Ellen R. McGrattan, 2009, “New Keynesian Models: Not Yet Useful for Policy Analysis” (with V. V. Chari and P. Kehoe), *American Economic Journal: Macroeconomics*, 1(1): 242–266. (www.jstor.org)
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- Francis, Neville and Valerie Ramey, 2011, “A Century of Work and Leisure,” *American Economic Journal: Macroeconomics*, 1(2): 189–224. (www.jstor.org)
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- Gertler, Mark and Peter Karadi, 2011, “A Model of Unconventional Monetary Policy,”

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