Course Syllabus
ECON-8321-01—Advanced Macroeconomics II
Fall 2015
3.0 Credit Hours

(Last updated: 8/24/2015)

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Office Hours: M 2:30-4:30pm

Course Overview

This is the second course in the Ph.D. macro sequence, a continuation of ECON 8320. The course material consists of readings on a combination of topics, with a strong emphasis on modern macroeconomics at the graduate level.

Pre-Requisites/Co-Requisites:
ECON 8120, ECON 8310, ECON 8320, ECON 8810.

Required Texts:
There are no required texts for this course. You can find a list of the articles and book chapters we will cover in the section Schedule of Activities (see below).

Course Objectives:
The course will expose you to modern empirical and theoretical work in macroeconomics at the graduate level. More importantly, this course will get you started on how to formulate research ideas, to transform an idea into a research paper, and to effectively communicate both others’ and your own research to other academics.

Fogelman College: Learning Outcomes for Your Degree
MA ECON:
Grading and Evaluation Criteria

During the first four weeks of classes, I will cover three topics in a more traditional way: income fluctuations with heterogeneous agents, human capital, and equilibrium unemployment theory. There will be regular problem sets for these topics. Starting on fifth week, there will be weekly readings. You are required to submit a 2-3 page report on the papers marked ** in the outline section. You should write these reports as if you were trying to summarize the article to a colleague who has had one year of doctoral training in economics, including a paragraph with constructive criticism.

The final paper is due on midnight of the day of the final exam, via e-mail. This project does not have to be a full-fledge, complete product. Rather, you should have a twelve-to-fifteen page “plan” for a research paper. Within this plan, try to address the following questions:

a  What is the question that you are trying to answer? Why is this an interesting question?

b  What have been past attempts at answering this question? Is your question relevant for other literatures?

c  If applicable: What is the theoretical framework on which your question is being addressed? You can go into some detail in this section.

d  What are the data source(s) that you will use? Why is this particular dataset appropriate? If you already have access to the data, what are some patterns in the data that are relevant for your question of interest?

e  What econometric techniques will you use? Why are these techniques appropriate, and what may be some of the threats to the validity of the econometric strategy? If applicable: How does the econometric method relate to the theoretical framework that you have outlined in part (c)?

There will be two 20-minute presentations to the class: in the first one, you will present a paper written by someone else—you have almost total freedom here, but you have to clear it with me first. The second presentation will be about your own research project. The ideal strategy here is to choose a paper central to your own research for the first presentation.

The first round of presentations will take place on November 17, and the final round on December 1—the last day the class meets. There is no requirement for the content of this project, other than it
has to be an Economics paper. It can be micro or macro-oriented, what is important is that you start thinking as early as possible about research questions and how to approach them.

Your final grade will be assessed as follows:

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<tr>
<th>Component</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Problem Sets</td>
<td>15%</td>
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<tr>
<td>Weekly Reports</td>
<td>20%</td>
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<tr>
<td>First Presentation</td>
<td>20%</td>
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<tr>
<td>Final Paper &amp; Presentation</td>
<td>40%</td>
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<tr>
<td>Class Participation</td>
<td>5%</td>
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**Final Course Grades**

<table>
<thead>
<tr>
<th>Grade</th>
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<tbody>
<tr>
<td>90-100</td>
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<tr>
<td>80-89</td>
<td>B</td>
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<tr>
<td>70-79</td>
<td>C</td>
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<tr>
<td>60-69</td>
<td>D</td>
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<td>&lt;60</td>
<td>F</td>
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**Course Topics**

- income fluctuations with heterogenous agents
- human capital
- equilibrium unemployment theory
- economics of the family and time use
- inequality
- structural transformation

**Schedule of Activities**

Note: Articles marked with a single * denote recent papers on the topic. While you are not required to submit a report on them, they are here to give you an idea of the current frontier, and you are strongly encouraged to read them.

1. Income fluctuations with heterogenous agents (August 25)

• Aiyagari (QJE, 1994). “Uninsured Idiosyncratic Risk and Aggregate Saving.”


2. Human capital (September 1 — PS 1 due)

• Acemoglu, Introduction to Modern Economic Growth, Ch. 10.

• Acemoglu and Autor, Lectures in Labor Economics, Ch. 1.


3. Equilibrium unemployment theory (September 8—PS 2 due—& 15—PS 3 due)

• Acemoglu and Autor, Lectures in Labor Economics, Ch. 11.

• Pissarides, Equilibrium Unemployment Theory, 2nd Ed., Ch. 1-3.


• Rogerson and Shimer (Handbook of Labor Econ., 2010). “Search in Macroeconomic Models of the Labor Market.”


4. Economics of the family and time use (September 22 & 29)


• Chiappori. “Gary Becker's “A Theory of the Allocation of Time”.”

• Browning, Chiappori and Weiss (2011). *Family Economics*, Ch. 3.


• **Aguiar, Hurst, and Karabarbouronis (*Annual Rev. of Econ.*, 2012). “Recent Developments in the Economics of Time Use.” (due Sep. 29)


5. Inequality (October 6, 20 & 27)

a. Facts and empirics


• Aguiar and Bils (*AER*, forthcoming). "Has Consumption Inequality Mirrored Income Inequality?"


• Autor (*Science*, 2014). “Skills, education, and the rise of earnings inequality among the “other 99 percent”.”


• Milanovic and Lakner (*World Bank WP 6719*, 2013). “Global Income Distribution: From the Fall of the Berlin Wall to the Great Recession.”


b. The role of technology and human capital
• **Acemoglu, Gancia, and Zilibotti (AEJ:Macro, 2014). “Offshoring and Directed Technical Change.” (due Oct. 27)

c. The role of policy and institutions


d. Social causes

• Fernandez and Rogerson (QJE, 2001). “Sorting and Long-Run Inequality.”

6. Structural transformation (November 3 & 10)

• Greenwood, Hercowitz and Krusell (AER, 1997). “Long-Run Implications of Investment-Specific Technological Change.”
• Ngai and Pissarides (AER, 2007). “Structural Change in a Multisector Model of Growth.”

**Final Exam Schedule**
The final exam (presentation) for this class will be scheduled according to the Registrar’s academic calendar website.

**Course Policies**

**Attendance:**
This is a graduate economics class. You are free to choose, yet you are encouraged to attend all lectures, given the nature of the course.

**Academic Integrity:**
Cite all work that is not your own, and never try to pass someone else’s ideas as your own. Also, this: [http://www.memphis.edu/fcbe/integrity/](http://www.memphis.edu/fcbe/integrity/).

**Late Assignments:**
No late assignments will be accepted. Why do you need a section for this?

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**Student Services**
Please access the [FCBE Student Services](http://www.memphis.edu/fcbe/integrity/) page for information about:

- Students with Disabilities
- Tutoring and other Academic Assistance
- Advising Services for Fogelman Students
- Technical Assistance