

ECON 722

Advanced Topics in Macroeconomics

Department of Economics
McGill University
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Office hours: Tuesdays, 2.10pm-3.10pm (or by appointment)

Regular classes: Tuesdays, 8.35am-11.25am, Leacock 520.

Course Overview

This course covers some papers at the research frontier of a few areas in Macroeconomics. We begin with some background material, partly a quick review of first-year Ph.D. macro. We then cover papers on Economic Development, Macroeconomics and Inequality, and Firm-Level Heterogeneity.

The goal is to get students acquainted with some of the recent material on these topics. There is no attempt at providing a comprehensive overview of any of the topics. We will simply cover a few papers that I am interested in, and papers that in my view may lead to interesting research ideas. Other references may be added as the course progresses. We will only cover a few articles in detail, and we won't have the time to cover others at all - however, some students might be interested in writing a term paper based on those.

Strong MA students may take the course. They need to have a GPA of at least A-, and should meet me in order for me to assess whether the course is compatible with the student's objectives.

Course Learning Outcomes

Students will become acquainted to the research frontier in the topics covered. The substance of the articles will be emphasized, in addition to the methods. Students should be able to identify and pursue research questions in these areas.

More generally, this course aims at providing students with a transition from first-year Ph.D. courses to being able to critically understand the current research and to develop their own research in an independent fashion.

Students are required to write a term paper which focuses on a single article. Ideally, this article will have a prominent role in their doctoral theses. This course is therefore an opportunity for students to actually begin their thesis work!

Evaluation

Students will be evaluated on the basis of a term paper. Each student/team is required to:

1. study one paper in detail, either among or closely related to the papers in the reading list, and replicate a very specific result among the main results (students must consult with me in selecting the paper and the results to be replicated);
2. propose and execute a simple extension (students must consult with me to discuss the extension);
3. make a “progress report” presentation towards the middle of the semester;
4. write a short (roughly 15 pages) preliminary draft with the results (submit by email using lastname_draft1.pdf);
5. prepare a short (roughly 45 minutes) presentation during class (submit by email using lastname_slides.pdf);
6. write a revised version of the draft which incorporates comments and suggestions from the class (submit by email using lastname_draft2.pdf);
7. produce a point-by-point reply to the comments and suggestions (submit by email using lastname_reply.pdf).

Topics and Reading List

There will be two main textbooks for the background material: [Barro and Sala-i-Martin \(2004\)](#) and [Ljungqvist and Sargent \(2018\)](#). The second part of the course will rely on journal articles.

I. BACKGROUND

1. *Economic Growth*: [Barro and Sala-i-Martin \(2004\)](#), [Acemoglu \(2009\)](#), Chapters 2 and 8).

II. ECONOMIC DEVELOPMENT

1. Facts

- (a) *Data*: Summers and Heston (1991), Feenstra et al. (2015), Maddison (1991, 1994), Gollin (2002).
- (b) *Accounting*: Klenow and Rodríguez-Clare (1997), Hall and Jones (1999), Caselli (2005), Hsieh and Klenow (2010), Acemoglu (2009, Chapter 3).

2. Theory

- (a) *Technology*: Hsieh and Klenow (2007).
- (b) *Human Capital*: Mankiw et al. (1992), Bils and Klenow (2000), Erosa et al. (2010), Manuelli and Seshadri (2014), Acemoglu (2009, Chapter 10), Lagakos et al. (2018a,b).
- (c) *Misallocation*:
 - i. *Generic*: Restuccia and Rogerson (2008), Hsieh and Klenow (2009, 2014), Asker et al. (2014).
 - ii. *Financing Frictions*: Castro et al. (2004, 2009), Buera et al. (2011), Buera and Shin (2013, 2017), Buera et al. (2011), Midrigan and Xu (2010), Moll (2014), Castro and Ševčík (2016).
 - iii. *Other Stories*: Guner et al. (2008), Bhattacharya et al. (2013), Jones (2007, 2009, 2010), Bils et al. (2021), Edmond et al. (2018).

II. MACROECONOMICS AND INEQUALITY

1. *Facts*: Card and DiNardo (2002), Autor et al. (2008), Krueger et al. (2010), Guvenen et al. (2021).
2. *Wage Inequality*: Katz and Murphy (1992), Card and Lemieux (2001), Krusell et al. (2000), Jeong et al. (2008), Heathcote et al. (2010), Guvenen and Kuruscu (2010).
3. *Role of Firms*: Card et al. (2013), Song et al. (2018), Alvarez et al. (2018).
4. *Educational Attainment*: Goldin and Katz (2008), Heckman et al. (1998), Hendricks and Schoellman (2014), Restuccia and Vandenbroucke (2013a,b), Belley and Lochner (2007), Lochner and Monge-Naranjo (2011), Castro and Coen-Pirani (2016).
5. *Policy*: Heathcote et al. (2014), Huggett and Badel (2015), Guner et al. (2015), Itskhoki and Moll (2014).

IV. FIRM-LEVEL HETEROGENEITY

1. *Basics*: Hopenhayn (1992), Hopenhayn and Rogerson (1993), Clementi and Palazzo (2016).
2. *Worker inequality*: Gouin-Bonenfant (2022), Bilal et al. (2021), Berger et al. (2022a), Berger et al. (2022b), Castro and Clementi (2022).
3. *Job ladder*: Moscarini and Postel-Vinay (2018), Engbom (2022).

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- *Final Exams:* According to Senate regulations, instructors are not permitted to make special arrangements for final exams. Please consult the Calendar, section 4.7.2.1, General University Information and Regulations at www.mcgill.ca.
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