



## **Economics 810: Advanced Macroeconomic Theory**

**Meeting Time and Location:** Monday/Wednesday 11:00-12:15 at Sterling 2425

**Instructional Mode:** All Face-to-Face

**Credit Hours:** This 3 credit course has two 75 min lectures. Students are expected to work approximately 6 hours outside class to complete assignments and learn the relevant material.

### **INSTRUCTOR**

**Instructor Title and Name:** Assistant Professor Enghin Atalay

**Instructor Availability:**

7426 Sewell Social Science.

Office Hours: If I'm in my office, feel free to drop by whenever. No need to make an appointment.

**Instructor Email:** eatalay@ssc.wisc.edu

### **OFFICIAL COURSE DESCRIPTION**

The course will be divided into three main parts.

#### **Topic 1: Structural Transformation**

Over the last half century, inequality in income and consumption has increased. So has the average and the dispersion of individuals' leisure time. The relative price and share of expenditures of services, relative to manufactured products, has increased; and the share of national income paid to labor has decreased. These patterns are broadly true not only for the US, but also for other developed countries. In this section, we will discuss these patterns' measurement, causes and consequences, and interrelationships.

- January 23 (Background Reading): Heathcote, Jonathan, Fabrizio Perri, and Gianluca Violante, 2010. "Unequal We Stand: An Empirical Analysis of Economic Inequality in the United States, 1967--2006." *Review of Economic Dynamics*, 13(1): 15--51, and
- January 23: Aguiar, Mark and Mark Bilal, 2015. "Has Consumption Inequality Mirrored Income Inequality?" *American Economic Review*, 105(9): 2725-56.

- January 23-28: Aguiar, Mark, and Erik Hurst, 2007. "Measuring Trends in Leisure: The Allocation of Time over Five Decades." *Quarterly Journal of Economics*, 122 (3): 969-1006. ★
- January 28 (Background Reading) Aguiar, Mark, Erik Hurst, Loukas Karabarbounis, 2013. "Time Use during the Great Recession." *American Economic Review*, 103(5): 1664-1696.
- January 28-30: Ngai, L. Rachel and Christopher A. Pissarides, 2007. "Structural Change in a Multisector Model of Growth." *American Economic Review*, 97(1): 429-443. ★
- February 4: Kongsamut, Piyabha, Sergio Rebelo, and Danyang Xie, 2001. "Beyond Balanced Growth." *Review of Economic Studies*, 68(4): 869-882. ★
- February 6: Karabarbounis, Loukas and Brent Neiman, 2014. "The Global Decline of the Labor Share," *Quarterly Journal of Economics*, 129(1): 61-103. ★

#### *Optional Papers.*

- Barkai, Simcha. 2018. "Declining Labor and Capital Shares."
- Boerma Job, and Loukas Karabarbounis. "Inferring Inequality with Home Production."
- Boppart, Timo and L. Rachel Ngai. 2018. "Rising Inequality and Trends in Leisure."
- Buera, Francisco, Joseph P. Kaboski, Richard Rogerson, Juan I. Vizcaino. 2018. "Skill-Biased Structural Change."
- Comin, Diego, Danial Lashkari, and Martí Mestieri. 2018. "Structural Change with Long-run Income and Price Effects."

### **Topic 2: Regional Economics**

Regions, within the U.S., are heterogeneous in their exposure to sources of business cycle variation. Some regions sell a lot to the federal government. Others sell less. In some regions, credit expanded and contracted dramatically over the last business cycle. In other regions, there was little variation. With appropriate care, these cross-regional differences can be used to examine the importance of different channels---government spending, credit supply, etc...---as a source of national business cycles.

- February 11: Albert Saiz, 2010. "The Geographic Determinants of Housing Supply," *Quarterly Journal of Economics*, 125(3): 1253-1296. ★
- February 11-13: Mian, Atif, Kamelesh Rao, and Amir Sufi, 2013. "Household Balance Sheets, Consumption, and the Economic Slump." *Quarterly Journal of Economics*, 128(4): 1687-1726. ★
- February 18: Mian, Atif and Amir Sufi, 2014. "What Explains the 2007-2009 Drop in Employment?" *Econometrica*, 82(6): 2197-2223.
- February 20: Nakamura, Emi, and Jon Steinsson. "Fiscal Stimulus in a Monetary Union: Evidence from US Regions." *American Economic Review*. 104(3): 753-792. ★

#### *Optional Papers:*

- Greenstone, Michael, Alexandre Mas, and Hoai-Luu Nguyen. 2015. "Do Credit Market Shocks affect the Real Economy? Quasi-Experimental Evidence from the Great Recession and 'Normal' Economic Times."
- Kaplan, Greg, Kurt Mitman, and Giovanni Violante. 2018. "Non-durable Consumption and Housing Net Worth in the Great Recession: Evidence from Easily Accessible Data"

### **Not a Topic, Topic 3: Student Presentations**

- February 25, 27, March 4: Student Presentations on the optional papers.
- March 4, 6: Student Presentations on a classmate's final paper proposal.

### **GRADING**

Your grade will be determined by class participation, occasional assignments, reading summaries, in-class presentations, and a final project.

There will be two sets of presentations, each at the end of the half semester.

The first presentation will be a 35 minute discussion of one of the "optional papers" listed above, which you will develop and present with a classmate. (This 35 minute number may differ depending on the class size as we approach the middle of the semester.) For guidelines on your in-class presentations, and for your future presentations, please read Thomas Winberry's Mathias Doepke's presentation guidelines:

- [http://faculty.wcas.northwestern.edu/~mdo738/presentation\\_rules\\_2012.pdf](http://faculty.wcas.northwestern.edu/~mdo738/presentation_rules_2012.pdf)
- [http://faculty.chicagobooth.edu/thomas.winberry/teaching/presentation\\_guidelines.pdf](http://faculty.chicagobooth.edu/thomas.winberry/teaching/presentation_guidelines.pdf)

If you and your classmate prefer, you may present an alternate paper (though check with me first.)

The second presentation will be a 10-15 minute discussion of the proposals of one of your classmates. For more on this, see problem set 4.

### **FINAL PAPER AND PRESENTATION**

Due at the end of the semester. Not quite a full-fledged, 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 in to some detail, here.
- 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)?

Also part of the Final Paper project will be a 30 minute presentation to the class. These presentations will take place at the end of the semester, sometime during the week of final exams.

In terms of content, the only requirement is that the paper have an empirical component. It does not directly need to be related to the material discussed in class. Your evaluation will be based both on your presentation and your final paper write-up.

### **Preliminary Steps for the Final Paper**

By February 15: Submit a three page description with two potential ideas for your final paper (roughly one and a half pages each) and schedule a meeting with me so that we can discuss.  
By April 25: Send me a rough draft of your presentation slides. Again, schedule a meeting with me so that we can go over these slides together.

### **READING ASSIGNMENTS**

Towards the goal of engendering your participation in class, I would like for you to read and write a short summary of the paper scheduled for that day's lecture. The summaries should be roughly one page per paper. In these summaries, you should explain what goal the paper is trying to accomplish, why this is an interesting goal, and the paper's main strategy for addressing its research question. In addition, include anything about the paper that you found particularly confusing or interesting. These summaries are due the day before lecture, to be turned in via e-mail. You only need to do the ★'d papers, plus the papers your classmates are presenting for their 35 minute presentations. Of the 10 papers (7 ★'d, plus the three of your classmates), you may skip doing summaries for **three** of these papers.

### **RULES, RIGHTS & RESPONSIBILITIES**

- See the Guide's to [Rules, Rights and Responsibilities](#)

### **ACADEMIC INTEGRITY**

By enrolling in this course, each student assumes the responsibilities of an active participant in UW-Madison's community of scholars in which everyone's academic work and behavior are held to the highest academic integrity standards. Academic misconduct compromises the integrity of the university. Cheating, fabrication, plagiarism, unauthorized collaboration, and helping others commit these acts are examples of academic misconduct, which can result in disciplinary action. This includes but is not limited to failure on the assignment/course, disciplinary probation, or suspension. Substantial or repeated cases of misconduct will be forwarded to the Office of Student Conduct & Community Standards for additional review. For more information, refer to [studentconduct.wiscweb.wisc.edu/academic-integrity/](http://studentconduct.wiscweb.wisc.edu/academic-integrity/).

### **ACCOMMODATIONS FOR STUDENTS WITH DISABILITIES**

**McBurney Disability Resource Center syllabus statement:** "The University of Wisconsin-Madison supports the right of all enrolled students to a full and equal educational opportunity. The Americans with Disabilities Act (ADA), Wisconsin State Statute (36.12), and UW-Madison policy (Faculty Document 1071) require that students with disabilities be reasonably

accommodated in instruction and campus life. Reasonable accommodations for students with disabilities is a shared faculty and student responsibility. Students are expected to inform faculty [me] of their need for instructional accommodations by the end of the third week of the semester, or as soon as possible after a disability has been incurred or recognized. Faculty [I], will work either directly with the student [you] or in coordination with the McBurney Center to identify and provide reasonable instructional accommodations. Disability information, including instructional accommodations as part of a student's educational record, is confidential and protected under FERPA." <http://mcburney.wisc.edu/facstaffother/faculty/syllabus.php>

## **DIVERSITY & INCLUSION**

**Institutional statement on diversity:** "Diversity is a source of strength, creativity, and innovation for UW-Madison. We value the contributions of each person and respect the profound ways their identity, culture, background, experience, status, abilities, and opinion enrich the university community. We commit ourselves to the pursuit of excellence in teaching, research, outreach, and diversity as inextricably linked goals.

The University of Wisconsin-Madison fulfills its public mission by creating a welcoming and inclusive community for people from every background – people who as students, faculty, and staff serve Wisconsin and the world." <https://diversity.wisc.edu/>

### **Misconduct Statement**

Academic Integrity is critical to maintaining fair and knowledge based learning at UW Madison. Academic dishonesty is a serious violation: it undermines the bonds of trust and honesty between members of our academic community, degrades the value of your degree and defrauds those who may eventually depend upon your knowledge and integrity.

Examples of academic misconduct include, but are not limited to: cheating on an examination (copying from another student's paper, referring to materials on the exam other than those explicitly permitted, continuing to work on an exam after the time has expired, turning in an exam for regrading after making changes to the exam), copying the homework of someone else, submitting for credit work done by someone else, stealing examinations or course materials, tampering with the grade records or with another student's work, or knowingly and intentionally assisting another student in any of the above. Students are reminded that online sources, including anonymous or unattributed ones like Wikipedia, still need to be cited like any other source; and copying from any source without attribution is considered plagiarism.

The Dept. of Economics will deal with these offenses harshly following [UWS14 procedures](#):

1. The penalty for misconduct in most cases will be removal from the course and a failing grade,
2. The department will inform the Dean of Students as required and additional sanctions may be applied.
3. The department will keep an internal record of misconduct incidents. This information will be made available to teaching faculty writing recommendation letters and to admission offices of the School of Business and Engineering.

If you think you see incidents of misconduct, you should tell your instructor about them, in which case they will take appropriate action and protect your identity. You could also choose to contact our administrator Tammy Herbst -Koel ([therbst@wisc.edu](mailto:therbst@wisc.edu)) and your identity will be kept confidential.

For more information, refer to <https://www.students.wisc.edu/doso/academic-integrity/>

### **Grievance Procedure**

The Department of Economics has developed a grievance procedure through which you may register comments or complaints about a course, an instructor, or a teaching assistant. The Department continues to provide a course evaluation each semester in every class. If you wish to make anonymous complaints to an instructor or teaching assistant, the appropriate vehicle is the course evaluation. If you have a disagreement with an instructor or a teaching assistant, we strongly encourage you to try to resolve the dispute with him or her directly. The grievance procedure is designed for situations where neither of these channels is appropriate.

If you wish to file a grievance, you should go to room 7238 Social Science and request a Course Comment Sheet. When completing the comment sheet, you will need to provide a detailed statement that describes what aspects of the course you find unsatisfactory. You will need to sign the sheet and provide your student identification number, your address, and a phone where you can be reached. The Department plans to investigate comments fully and will respond in

writing to complaints.

Your name, address, phone number, and student ID number will not be revealed to the instructor or teaching assistant involved and will be treated as confidential. The Department needs this information, because it may become necessary for a commenting student to have a meeting with the department chair or a nominee to gather additional information. A name and address are necessary for providing a written response.