

**ECO3100S**  
**Frontiers in Macroeconomics**  
Department of Economics  
University of Toronto

Winter 2021  
Monday 1-3pm SS1080 (Virtual until further notice)

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*Instructors*

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*Course Description*

This is an advanced macro course for PhD students aimed at providing an overview of frontier topics in macroeconomics, showcasing areas of expertise within the macro group in the economics department.

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*Prerequisites*

ECO2100H and ECO2101H

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*Evaluation*

The evaluation will be based on an original and detailed research-paper proposal that each student will submit by the end of the course. The proposal should be related to some of the topics covered in the course. The proposal should develop a motivation, a well-specified research question and a detailed methodological procedure to be applied such as model, data, calibration strategy, experiments, among others. More detailed instructions will be given in class. The deadline for the research proposal is **April 29, 2021**.

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*(Tentative) Schedule:*

- Week 1, Jan 10 (Joseph Steinberg): Trade adjustment dynamics

References:

- Alessandria, G., S. Pratap, and V. Yue (2015): "Export Dynamics in Large Devaluations"
- Alessandria, G. and H. Choi (2019): "The Dynamics of the U.S. Trade Balance and Real Exchange Rate: The J Curve and Trade Costs?"
- Alessandria, G., H. Choi, and K. J. Ruhl (2019): "Trade Adjustment Dynamics and the Welfare Gains from Trade"
- Alessandria, G., S. Khan, A. Khederlarian, K. Ruhl, and J. B. Steinberg (2021): "Trade Policy Dynamics: Evidence from 60 Years of US-China Trade"
- Mix, C. (2018): "Technology, Geography, and Trade Over Time: The Dynamic Effects of Changing Trade Policy"
- Ruhl and Willis (2017): "New Exporter Dynamics," *International Economic Review*
- Steinberg, J. B. (2019): "Brexit and the Macroeconomic Impact of Trade Policy Uncertainty," *Journal of International Economics*, 117, 175-195.

- Week 2, Jan 17 (Joseph Steinberg): Global value chains

References:

- Bems, R. and R. Johnson (2014): "Demand for Value Added and Real Exchange Rates," *AEJ Macro*

- Johnson. R. and G. Noguera (2012): "Accounting for Intermediates: Production Sharing and Trade in Value Added," *Journal of International Economics*
- Johnson. R. and G. Noguera (2017): "A Portrait of Trade in Value Added over Four Decades," *Review of Economics and Statistics*
- Johnson, R. (2014): "Trade in Intermediate Inputs and Business Cycle Comovement," *AEJ Macro*
- Johnson, R. (2014): "Five Facts About Value-Added Exports and Implications for Macroeconomics and Trade Research," *Journal of Economic Perspectives*
- Zymek and Cunat (2018): "International Value-Added Linkages in Development Accounting," Working paper
- Baqee and Farhi (2019): "The Macroeconomic Impact of Microeconomic Shocks: Beyond Hulten's Theorem," *Econometrica*.

- Week 3, Jan 24 (Sebastian Dyrda): Macro Public Finance - Household Heterogeneity

References:

- Aiyagari (JPE 1995), Consea, Krueger, Kitao (AER, 2009), Davila, Hong, Krusell, Rios-Rull (ECTA, 2012), Dyrda, Pedroni (2021)

- Week 4, Jan 31 (Sebastian Dyrda): Macro Public Finance - Taxation of Businesses

References:

- Cagetti, DeNardi (AER, 2009), Dyrda, Pugsley (2019), Barro, Furman (Brookings, 2018)

- Week 5, Feb 7 (Diego Restuccia): Intergenerational mobility – Facts

References:

- Chetty, Raj, et al. "The fading American dream: Trends in absolute income mobility since 1940." *Science* 356.6336 (2017): 398-406.
- Chetty, Raj, et al. *The opportunity atlas: Mapping the childhood roots of social mobility*. No. w25147. National Bureau of Economic Research, 2018.
- Chetty, Raj (Improving Equality of Opportunity 2019) - Slides
- Solon, Gary. "Cross-country differences in intergenerational earnings mobility." *Journal of Economic Perspectives* 16.3 (2002): 59-66.
- Stokey, N. L. "Shirtsleeves to Shirtsleeves: The Economics of Social Mobility, in "Frontiers of Research in Economic Theory: The Nancy L. Schwartz Memorial Lectures 1983-1997," (DP Jacobs, E. Kalai and MI Kamien, Eds.)." (1998): 210-241.

- Week 6, Feb 14 (Diego Restuccia): Intergenerational mobility – Quantitative Theory

References:

- Daruich, Diego. "The macroeconomic consequences of early childhood development policies." *FRB St. Louis Working Paper* 2018-29 (2018), R&R JPE.
- Restuccia, Diego, and Carlos Urrutia. "Intergenerational persistence of earnings: The role of early and college education." *American Economic Review* 94.5 (2004): 1354-1378.

- Week 7, Feb 28 (Murat Celik): Facts on Recent Macroeconomic Trends

References:

- Autor, Dorn, Katz, Patterson, and Van Reenen (2020), "The Fall of the Labor Share and the Rise of Superstar Firms," *Quarterly Journal of Economics*, 135(2), 645-709.
- Gutierrez and Philippon (2017), "Declining Competition and Investment in the US," NBER WP
- De Loecker, Eeckhout, and Unger (2020), "The Rise of Market Power and the Macroeconomic Implications," *Quarterly Journal of Economics*, 135(2), 561-644.
- Pugsley, Sedlacek, and Sterk (2021), "The Nature of Firm Growth," *American Economic Review*, 111(2), 547-579.
- Bloom, Jones, Van Reenen, and Webb (2020), "Are Ideas Getting Harder to Find?" *American Economic Review*, 110(4), 1104-1144.
- Akcigit and Ates (2021), "Ten Facts on Declining Business Dynamism and Lessons from Endogenous Growth Theory," *American Economic Journal: Macroeconomics*, 13(1), 257-298.

- Week 8, Mar 7 (Murat Celik): Economic Growth and Firm Dynamics

References:

- Cavenaile, Celik, and Tian (2021), "Are Markups Too High? Competition, Strategic Innovation, and Industry Dynamics," *R&R at the Review of Economic Studies*.
- Cavenaile, Celik, and Tian (2021), "The Dynamic Effects of Antitrust Policy on Growth and Welfare," *Journal of Monetary Economics*, 121, 42-59.
- Edmond, Midrigan, and Xu (2021), "How Costly Are Markups?," *R&R at the Journal of Political Economy*.
- Akcigit and Ates (2019), "What Happened to U.S. Business Dynamism?," NBER WP.
- Aghion, Bergeaud, Boppart, Klenow, and Li (2019), "A Theory of Falling Growth and Rising Rents," *R&R at the Review of Economic Studies*.
- De Loecker, Eeckhout, and Mongey (2021), "Quantifying Market Power and Business Dynamism in the Macroeconomy," NBER WP.

- Week 9, Mar 14 (Gueorgui Kambourov): Occupations and the Labor Market

References:

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- Week 10, Mar 21 (Gueorgui Kambourov): Labor Supply

References:

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- Week 11, Mar 28 (Burhan Kuruscu): Human Capital, Wages, Mismatch, and Inequality

References:

- Ben Porath (JPE, 1967), Kuruscu (AER, 2006), Guvenen, Kuruscu, and Ozkan (Restud, 2014), Guvenen, Kuruscu, Tanaka, and Wiczer (AEJ: Macro, 2020)

- Week 12, Apr 4 (Burhan Kuruscu): Housing Market, Household and Bank Balance Sheets

References:

- Arslan, Guler, and Kuruscu (2021), Guler, Kuruscu, and Robinson (2021)