

Professor Valerie Ramey
Spring 2002 UCSD

Economics 210E
Advanced Macroeconomics – Revised Syllabus

The following reading list includes many papers on each topic. I expect you to read many, but not all of the papers. This reading list is meant to be a useful bibliographic reference so that you may concentrate on topics that interest you. I will put many of the unpublished manuscripts on reserve for you. The other papers can be obtained from journals. Articles from leading journals that are at least 5 years old can be obtained from *JSTOR*. If you cannot find a paper, feel free to borrow my copy.

I. Productivity Growth

A. Investment-Specific Technological Change

Hulten, Charles R. "Growth Accounting When Technical Change is Embodied in Capital," *AER* September 1992.

Jeremy Greenwood, Zvi Hercowitz and Per Krusell, "Long-Run Implications of Investment-Specific Technological Change," *AER* June 1997.

Andreas Hornstein and Per Krusell, "Can Technology Improvements Cause Productivity Slowdowns?" NBER Macro Annual, 1996.

Jeremy Greenwood and Mehmet Yorukoglu, "1974," *Carnegie-Rochester Conference Series on Public Policy* June 1997.

Martin Neil Baily, Charles Hulten and Campbell, "Productivity Dynamics in Manufacturing Plants," *Brookings Papers in Economic Activity: Microeconomics* (1992).

B. The Role of Information Technology in Productivity Growth

Dale Jorgenson, "Information Technology and the U.S. Economy," *AER*, March 2001, 1-32.

Jeremy Greenwood and Boyan Jovanovic, "The Information-Technology Revolution and the Stock Market," *AER* May 1999.

Bart Hobijn and Boyan Jovanovic, "The Information Technology Revolution and the Stock Market: Evidence," *AER* December 2001, 1203-1220.

Kevin Stiroh, "Information Technology and the U.S. Productivity Revival: What Do the Industry Data Say?" forthcoming *American Economic Review*.

II. Propagation

Timothy Cogley and James Nason, "Output Dynamics in Real Business Cycle Models," *AER* June 1995.

Julio Rotemberg and Michael Woodford, "Real Business Cycle Models and the Forecastable Movements in Output, Hours and Consumption," *AER* March 1996.

Greenwood, Hercowitz and Huffman, "Investment, Capacity Utilization, and the Real Business Cycle," *AER* June 1988.

Craig Burnside and Martin Eichenbaum, "Factor-Hoarding and the Propagation of Business-Cycle Shocks," *AER* (December 1996): 1154-1174.

Wouter den Haan, Garey Ramey and Joel Watson, "Job Destruction and the Propagation of Shocks," *AER* 90 (June 2000): 482-498.

Yongsung Chang, Joao Gomes and Frank Schorfheide, "Learning-by-Doing as a Propagation Mechanism," forthcoming *AER*.

III. Technology & Preference Shocks

John Cochrane, "Shocks," Carnegie-Rochester Series on Public Policy, Fall 1994 and NBER working paper 4698.

Jordi Gali, "Technology, Employment, and the Business Cycle: Do Technology Shocks Explain Aggregate Fluctuations?" *AER* March 1999.

Basu, Kimball and Fernald, "Are Technology Improvements Contractionary?" July 1999 manuscript.

John Shea, "What do Technology Shocks Do?" *NBER Macroeconomics Annual* 1998.

Neville Francis and Valerie Ramey, "Is the Technology-Driven Real Business Cycle Hypothesis Dead? Shocks and Aggregate Fluctuations Revisited," NBER working paper 8726, January 2002.

Matthew Shapiro and Mark Watson, "Sources of Business Cycle Fluctuations," *NBER Macroeconomics Annual*, 1988, pp. 111-148.

Robert Hall, "Macroeconomic Fluctuations and the Allocation of Time," *Journal of Labor Economics* 15(January 1991): S223-S250.

Marianne Baxter and Robert King, "Productive Externalities and Business cycles," November 1991, Federal Reserve Bank of Minneapolis Discussion Paper 53.

Fleischman, Charles A., "The Causes of Business Cycles and the Cyclicity of Real Wages," Board of Governors of Federal Reserve System (2000).

IV. Monetary Policy

A. Empirical

Christopher Sims, "Interpreting the Macroeconomic Time Series Facts: The Effects of Monetary Policy," *European Economic Review*, 36 (1992).

Ben Bernanke and Ilian Mihov, "Measuring Monetary Policy," *QJE* August 1998.

Glenn Rudebusch, "Do Measures of Monetary Policy in a VAR Make Sense?" *International Economic Review*, Nov. 1998.

Lawrence Christiano, Martin Eichenbaum, and Charles Evans, "Monetary Policy Shocks: What Have We Learned and To What End?" In *Handbook of Macroeconomics*, Vol. 1A, J.B. Taylor and Michael Woodford (eds.). Amsterdam: North-Holland, 1999. pp. 65-148.

Michael Hanson, "On the Identification of Monetary Policy: The 'Price Puzzle' Reconsidered," 1998 manuscript.

Marvin Barth and Valerie Ramey, "The Cost Channel of Monetary Transmission," *NBER Macroeconomics Annual*, 2001.

B. Taylor Rules

John Taylor, "Discretion versus Policy Rules in Practice," *Carnegie-Rochester Conference Series on Public Policy*, December 1993.

Richard Clarida, Jordi Galí, and Mark Gertler, "Monetary Policy Rules and Macroeconomic Stability: Evidence and Some Theory," *Quarterly Journal of Economics* February 2000.

Atanasios Oikarinen, "Monetary Policy Rules Based on Real-Time Data," *American Economic Review* September 2001.

C. The New Phillips Curve and Dynamic Models with Nominal Rigidities

Jeff Fuhrer and George Moore, "Inflation Persistence," *QJE* 110 (February 1995): 127-160.

Arturo Estrella and Jeffrey Fuhrer, "Dynamic Inconsistencies: Counterfactual Implications of a Class of Rational Expectations Models," forthcoming *AER*.

Jordi Galí and Mark Gertler, "Inflation Dynamics: A Structural Econometric Analysis," *Journal of Monetary Economics*, 44 (October 1999): 195-222.

Jordi Galí, Mark Gertler, and J. David López-Salido, "European Inflation Dynamics," *European Economic Review* 45 (2001): 1237-1270.

Christiano, Lawrence, Martin Eichenbaum, and Charles Evans, "Nominal Rigidities and the Dynamic Effects of a Shock to Monetary Policy" May 2001 working paper (<http://www.faculty.econ.nwu.edu/faculty/eichenbaum/research/papermay16-2001.pdf>)

Michael Dotsey and Robert G. King, "Pricing, Production and Persistence," NBER working paper 8407, August 2001.

Chari, V. V., Patrick J. Kehoe, and Ellen R. McGrattan, "Sticky Price Models of the Business Cycle: Can the Contract Multiplier Solve the Persistence Problem," *Econometrica*, vol. 68 (September 2000), pp. 1151-79.

V. Institutions and Growth

Douglass North and Robert Thomas. *The Rise of the Western World: A New Economic History*. Cambridge: Cambridge University Press, 1973.

Paulo Mauro, "Corruption and Growth," *Quarterly Journal of Economics* 110 (August 1995): 681-712.

Robert E. Hall and Charles Jones, "Why Do Some Countries Produce So Much More Output Per Worker Than Others?" *Quarterly Journal of Economics*, 114 (February 1999): 83-116.

Daron Acemoglu, Simon Johnson, and James A. Robinson, "The Colonial Origins of Comparative Development: An Empirical Investigation," *American Economic Review* 91 (December 2001): 1369-1401.

Daron Acemoglu, Simon Johnson, James A. Robinson, and Yunyong Thaicharoen, "Institutional Causes, Macroeconomic Symptoms: Volatility Crises and Growth," April 19, 2002 – preliminary and incomplete presented at Carnegie-Rochester.

William Easterly and Ross Levine, "Tropics, Germs and Crops: How Endowments Influence Economic Development," March 2002 paper presented at Carnegie-Rochester.

Jared Diamond. *Guns, Germs and Steel: The Fates of Human Societies*. New York: W. W. Norton, 1997.

David Dollar and Aart Kraay, "Institutions, Trade and Growth," April 2002 paper presented at Carnegie-Rochester.

Edward Glaeser, Jose Scheinkman and Andrei Shleifer, "The Injustice of Inequality," March 2002 paper presented at Carnegie-Rochester.

VI. The Decline in Volatility

McConnell, M.M., Perez-Quiros, G., "Output Fluctuations in the United States: What has Changed Since the Early 1980s?" *American Economic Review*, 90(5), December 2000, 1464 – 76.

Kim, C. and Nelson, C. R., "Has the U.S. Economy Become More Stable? A Bayesian Approach Based on a Markov-Switching Model of the Business Cycle," *The Review of Economics and Statistics*, 81(4), November 1999, 608 - 616.

Ahmed, S., Levin, A. and Wilson, B. A., "Recent U.S. Macroeconomic Stability: Good Luck, Good Policies, or Good Practices?" The Board of Governors of the Federal Reserve System, January 2001.

Kahn, J. A., McConnell, M. M. and Perez-Quiros, G., "Inventories and the Information Revolution: Implications for Output Volatility," Federal Reserve Bank of New York, December 2000.

Kahn, J. A., McConnell, M.M. and Perez-Quiros, G., "The Reduced Volatility of the U.S. Economy: Policy or Progress?" Federal Reserve Bank of New York, December 2000.

Olivier Blanchard and John Simon, "The Long and Large Decline in U.S. Output Volatility," *Brookings Papers on Economic Activity*, 1:2001, pp.135-174.

2002 working paper.

VII. Habit persistence

Christopher Carroll, Jody Overland, and David Weil, "Saving and Growth with Habit Formation," *American Economic Review* 90 (June 2000): 341-355.

Jeffrey Fuhrer, "Habit Formation in Consumption and Its Implications for Monetary Policy Models," *American Economic Review* 90 (June 2000): 367-390.

Karen Dynan, "Habit Formation in Consumer Preferences: Evidence from Panel Data," *American Economic Review* 90 (June 2000): 391-406.

Jermann, Urban J., "Asset Pricing in Production Economies," *Journal of Monetary Economics* 41 (April 1998): 257-276.

Boldrin, Michele, Lawrence J. Christiano and Jonas D.M. Fisher, "Habit Persistence, Asset Returns and the Business Cycle," *American Economic Review* 91 (March 2001): 149-166.

VIII. Recent work on Investment and Q-Theory

Joao Gomes, "Financing Investment," *American Economic Review* 91 (December 2001): 1263-1285.

Russell Cooper and Joao Ejarque, "Exhuming Q: Market Power vs. Capital Market Imperfections," NBER working paper 8182, March 2001.

Andrew Abel and Janice Eberly, "Q Theory Without Adjustment Costs & Cash Flow Effects Without Financing Constraints," October 2001 working paper.

Robert Hall, "The Stock Market and Capital Accumulation," *American Economic Review* 91 (December 2001): 1185-1202.

Marcelo Veracierto, "Plant Level Irreversible Investment and Equilibrium Business Cycles," forthcoming *American Economic Review*.