

ECON 110AH: Macroeconomics (Honors)
The financial crisis and the 2008-2009 recession
Spring 2011

Class Time: Tue, 12:00 - 12:50pm

Place: Sequoyah Hall 231

Instructor: Dr. Davide Debortoli

Office: 225 Econ Building

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Office Hours: Th. 11.00-12.00am

Course Objectives:

This honor session introduces students to the application of macroeconomic modeling to interpret current macroeconomics events. The goal is to provide the students with a deeper understanding of the stylized facts related to the recent financial crisis and of the underlying economic relationships. For example, we will investigate the role of credit market imperfections, the role of interest rates and stock market prices, and the policy interventions by the U.S. government and Federal Reserve.

As a byproduct, students will be introduced to an approach to macroeconomics that is consistent with current macroeconomic research. At the end of the quarter, as a requirement to successfully complete the course, students will present a recent macroeconomic research paper of their choice (upon the instructor's approval) or chosen from a reading list (see below) and write a 5-10 pages report/paper about it.

Grade determination:

Your grade will be determined according to the following scheme:

Class participation / Presentation	20%
Final Paper / Report	80%

Your presentation will be based on one of the papers listed in the Reading List (or a paper/topic of your choice that you discuss with me). **The presentation should last approximately 20 minutes**, and your goal is to explain to the rest of us the following things:

1. What is the basic idea of the paper?
2. How does the paper go about pursuing the idea?
3. What did you learn from the paper?
4. Do you see any problems with or have any criticisms of the paper? Can you say anything about how you might extend or push the paper further?
5. Any other thoughts or opinions you have about the paper or topic.

The difficulty of your chosen paper or topic will be taken into consideration.

The final report/paper should be submitted by email by Friday, June 10th, at 7pm. It should consist of a total of 5 - 10 pages, single-spaced, 10-12pt font, structured as follows:

- 2-3 pages of summary
- 2-3 pages of comments/critiques
- 1-2 pages of research ideas inspired by the paper

Reading list:

Dynan, Karen E.. 2009. "[Changing Household Financial Opportunities and Economic Security.](#)" *Journal of Economic Perspectives*, 23(4): 49–68.

Gottschalk, Peter, and Robert Moffitt. 2009. "[The Rising Instability of U.S. Earnings.](#)" *Journal of Economic Perspectives*, 23(4): 3–24.

Krishnamurthy, Arvind. 2010. "[How Debt Markets Have Malfunctioned in the Crisis.](#)" *Journal of Economic Perspectives*, 24(1): 3–28.

Hall, Robert E.. 2010. "[Why Does the Economy Fall to Pieces after a Financial Crisis?](#)" *Journal of Economic Perspectives*, 24(4): 3–20.

Mishkin, Frederic S.. 2011. "[Over the Cliff: From the Subprime to the Global Financial Crisis.](#)" *Journal of Economic Perspectives*, 25(1): 49–70.

Ohanian, Lee E.. 2010. "[The Economic Crisis from a Neoclassical Perspective.](#)" *Journal of Economic Perspectives*, 24(4): 45–66.

Woodford, Michael. 2010. "[Financial Intermediation and Macroeconomic Analysis.](#)" *Journal of Economic Perspectives*, 24(4): 21–44.