

ECO 4051
Frontiers in Macroeconomics
Department of Economics
University of Toronto

Fall 2019
Mondays 2-4pm GE 106 (except Nov 11 BL112)

Instructors

Sebastian Dyrda, GE 210
sebastian.dyrda@utoronto.ca
<http://www.dyrda.info/>

Gueorgui Kambourov, GE 202
g.kambourov@utoronto.ca
<http://sites.google.com/site/gtkambourov>

Serdar Ozkan, GE 230
serdar.ozkan@utoronto.ca
<http://www.serdarozkan.me/>

Diego Restuccia, GE 201
diego.restuccia@utoronto.ca
<http://www.economics.utoronto.ca/diegor/>

Joseph Steinberg, GE 226
joseph.steinberg@utoronto.ca
<http://www.joesteinberg.com/>

Ronald Wolthoff, GE 214
ronald.wolthoff@utoronto.ca
<http://individual.utoronto.ca/wolthoff/>

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.

Prerequisites

ECO2021H and ECO2031H

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 **January 6, 2020**.

(Tentative) Schedule:

- Week 1, Sep 9 and week 2, Sep 16 (Diego Restuccia): Intergenerational mobility

References:

- Becker, Gary S., and Nigel Tomes. "An equilibrium theory of the distribution of income and intergenerational mobility." *Journal of Political Economy* 87.6 (1979): 1153-1189.
- 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
- 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.
- 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 3, Sep 23 (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 (2018)

- Week 4, Sep 30 (Sebastian Dyrda): Macro Public Finance - Taxation of Businesses

References:

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

- Week 5, Oct 7 (Joseph Steinberg): Trade adjustment dynamics

References:

- Alessandria-Choi (QJE, 2007), Ruhl and Willis (IER, 2017), Steinberg (JIE, 2019)

- Week 6, Oct 21 (Joseph Steinberg): Quantitative methods for international macro

References:

- Devereux and Sutherland (JEEA, 2011), Kehoe et al. (JPE, 2018), Steinberg (JIE, 2019)

- Week 7, Oct 28 (Ronald Wolthoff): Labor Market Sorting - Theory

References:

- Becker (1973), Shimer and Smith (2000), Eeckhout and Kircher (2010), Cai, Gautier and Wolthoff (2019)

- Week 8, Nov 11 (Ronald Wolthoff): Labor Market Sorting - Empirics

References:

- Abowd, Kramarz and Margolis (1999), Eeckhout and Kircher (2011), Hagedorn, Law, Manovskii (2017), Lopes de Melo (2018), Bagger and Lentz (2019)

- Week 9, Nov 18 (Gueorgui Kambourov): Occupations and the Labor Market

- Week 10, Nov 25 (Gueorgui Kambourov): Labor Supply

- Week 11, Dec 2 (Serdar Ozkan): Earnings Inequality over the Lifecycle

References:

- Huggett, Mark, Gustavo Ventura, and Amir Yaron (2007): "Sources of Lifetime Inequality"
- Andreas Hornstein, Per Krusell, and Giovanni L. Violante. Frictional wage dispersion in search models: A quantitative assessment. AER
- Bagger, Jesper, et al. "Tenure, experience, human capital, and wages: A tractable equilibrium search model of wage dynamics." *The American Economic Review* 104.6 (2014): 1551-1596.***
- Karahan, Fatih, Serdar Ozkan, and Jae Song (2017), "Sources of Inequality in Earnings Growth Over the Life Cycle", Working Paper
- Jarosch, Gregor, Ezra Oberfield, and Esteban Rossi-Hansberg. Learning from Coworkers. No. w25418. National Bureau of Economic Research, 2019.***
- Herkenhoff, Kyle, Jeremy Lise, Guido Menzio, and Gordon M. Phillips. Production and Learning in Teams. No. w25179. National Bureau of Economic Research, 2018.***
- Kuhn, Moritz, and Philip Jung. "Earnings losses and labor mobility over the lifecycle", *Journal of the European Economic Association*, 2017
- Topel, Robert H., and Michael P. Ward. "Job mobility and the careers of young men." *The Quarterly Journal of Economics* 107.2 (1992): 439-479.
- Kuruscu, Burhanettin (2006): "Training and Lifetime Income, *American Economic Review*, Vol. 96
- Audra Bowlus and H. Liu, "The Contributions of Search and Human Capital to Earnings Growth Over the Life Cycle," *European Economic Review*, 64: 305-331 (2013)
- Bronson, Mary A and Peter S Thoursie, *The Lifecycle Wage Growth of Men and Women: Explaining Gender Differences in Wage Trajectories*, 2017
- Acemoglu, Daron, and David Autor. "Skills, tasks and technologies: Implications for employment and earnings." In *Handbook of labor economics*, vol. 4, pp. 1043-1171. Elsevier, 2011.

- Week 12, Dec 5-Thursday (Serdar Ozkan): Trends in Wage Inequality over Time

References:

- Guvenen, Fatih, Greg Kaplan, Jae Song, Justin Weidner. Lifetime Incomes in the United States over Six Decades***
- Song, Jae, David J. Price, Fatih Guvenen, Nicholas Bloom, and Till Von Wachter. Firming up inequality. No. w21199. National Bureau of Economic Research, 2015.***
- Heathcote, Jonathan, Fabrizio Perri, and Giovanni L. Violante. "Unequal we stand: An empirical analysis of economic inequality in the United States, 1967–2006." *Review of Economic dynamics* (2010): 15-51.**
- Jones, Charles I., and Jihee Kim. A Schumpeterian model of top income inequality. No. w20637. National Bureau of Economic Research, 2014.***

- Acemoglu, Daron (2002) "Technical Change, Inequality and the Labor Market." *Journal of Economic Literature*.***
- Lawrence Katz and David Autor (1999) "Changes in the Wage Structure and Earnings Inequality," in O. Ashenfelter and D. Card, eds., *Handbook of Labor Economics*, vol. 3A, pp. 1463-1555.***
- Atkinson, Anthony B., Thomas Piketty, and Emmanuel Saez, "Top Incomes in the Long Run of History," *Journal of Economic Literature*, 2011, 49 (1), 3–71. ***
- Juhn, C., Murphy, K. M., & Pierce, B. (1993). Wage inequality and the rise in returns to skill. *Journal of Political Economy*, 101(3), 410-442.***
- C. Goldin and L. Katz (2007), "The Race between Education and Technology: The Evolution of U.S. Educational Wage Differentials, 1890 to 2005," NBER WP No. 12984, March.
- D. Card and T. Lemieux (2001), "Can Falling Supply Explain the Rising Return to College for Younger Men? A Cohort-Based Analysis," *Quarterly Journal of Economics* 116(May): 705-46.
- T. Piketty and E. Saez. (2006), "The Evolution of Top Incomes: A Historical and International Perspective," *American Economic Review* 96 (May), 200-205.**
- Lemieux, Thomas, W. Bentley MacLeod, and Daniel Parent. "Performance pay and wage inequality." *The Quarterly Journal of Economics* 124, no. 1 (2009): 1-49.
- Per Krusell, Lee Ohanian, Jose-Victor Ríos-Rull and Gianluca Violante (2000). *Capital-Skill Complementarity and Inequality: A Macroeconomic Analysis*, *Econometrica****
- D. Acemoglu (1998) "Why Do New Technologies Complement Skills? Directed Technical Change and Wage Inequality," *QJE* 113 (November), 1055-1089.
- Guvenen, F., & Kuruscu, B. (2010). A quantitative analysis of the evolution of the US wage distribution, 1970–2000. *NBER Macroeconomics Annual*, 24(1), 227-276.
- Guvenen, Fatih, Burhanettin Kuruscu, and Serdar Ozkan. "Taxation of human capital and wage inequality: A cross-country analysis." *Review of Economic Studies* 81.2 (2013): 818-850.**
- Rosen, Sherwin. "The economics of superstars." *The American economic review* 71, no. 5 (1981): 845-858.**