Course Description

This course aims at familiarizing you with the current research in modern empirical macroeconomics. We will go over main topics of macroeconomics where heterogeneous agents play a key role such as: productivity and reallocation, uncertainty, inequality and polarization, trade and labor markets. Organization, assessment and scheduling are subject to change at my discretion.

Taking Prof. Lanteri’s course “Macroeconomics with heterogeneous agents” complements this one to gain computational/quantitative skills.

Organization

Classes will consist of a student presenting a paper (≈ 30 min/< 15 slides) of those papers marked with an asterisk below and me giving an overview of the rest of the indicated literature. This student presentation should cover: (1) motivation and context; (2) data and empirical approach (identification, empirical methods) and (4) results. Students should present with an eye towards how the paper is written, what you would have done differently/improved and what extensions are possible. The slides for this class presentation need to be e-mailed to me one day in advance matthias.kehrig@duke.edu.
Assessment

Class attendance is mandatory, though it is not part of your final grade. Course grade is composed of a short research proposal to be presented at the end of the class and a presentation of recent research papers to be assigned in the first class. There will also be some empirical assignments.

Research Proposal: Every student taking the course for credit must develop a short research proposal. This should sketch out a research idea to the scope of an AER Papers & Proceedings paper (10 pages of text and a couple of tables and graphs). The proposal must be new and not be developed for another class. The purpose of it is to develop several research ideas early in your PhD and then pick good ones to pursue more seriously as a 2nd year paper/proposal. The paper should have:

- a research question that is important;
- data, empirical methodology and identification;
- preliminary results and outlook how to proceed in terms of a model.

The projects must be discussed with me by Sept 15 and will be presented (20 min) in the class on Sept 24. Classmates and I will discuss the project and provide feedback. By October 10, you will hand in the final version of the paper.

Tentative course schedule

<table>
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<tr>
<th>Aug 27</th>
<th>Productivity and reallocation</th>
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<tbody>
<tr>
<td>Trade &amp; Labor</td>
<td>Autor, Dorn, and Hanson (2013)*, Bloom, Draca, and Reenen (2009)</td>
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<th>Sept 3</th>
<th>(Mis-)Allocation</th>
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Sept 10  Time-varying volatility, uncertainty and information

Sept 17  Inequality and polarization
Inequality  Piketty and Saez (2003)*, Piketty and Zucman (2014)*, Chetty, Hendren, Kline, and Saez (2014)*

Sept 24  Student presentations
Oct 10  Project due

References


Cosmin Ilut, Matthias Kehrig, and Martin Schneider. Slow to hire, quick to fire: Employment
dynamics with asymmetric responses to news. *Journal of Political Economy*, 126(5), October
2018.

Nir Jaimovich and Henry Siu. The trend is the cycle: Job polarization and jobless recoveries.


Aubhik Khan and Julia K. Thomas. Credit shocks and aggregate fluctuations in an economy with

Aubhik Khan, Tatsuro Senga, and Julia K. Thomas. Default risk and aggregate fluctuations in an

Sydney C. Ludvigson, Sai Ma, and Serena Ng. Uncertainty and business cycles: Exogenous impulse

Virgiliu Midrigan and Daniel Y. Xu. Finance and misallocation: Evidence from plant-level data.


Thomas Piketty and Gabriel Zucman. Capital is back: Wealth-income ratios in rich countries

Diego Restuccia and Richard Rogerson. Policy distortions and aggregate productivity with hetero-


Jae Song, David J. Price, Fatih Guvenen, and Nicholas Bloom. Firming up inequality. *Working

Chad Syverson. What determines productivity? *Journal of Economic Literature*, 49(2):326–365,
June 2011.