University of Virginia
Department of Economics
ECON 8360 Graduate Macro Topics II
Syllabus (Tentative)

Spring 2014
Wednesday 5:30pm–8:00pm
Wilson Hall 215

Instructor: Toshihiko Mukoyama (`tm5hs@virginia.edu`)
Office: 256 Monroe Hall
Office hours: Thursday 1:30pm–2:30pm or by appointment. You can make an appointment by e-mail.

Description

This course is the second topics course in graduate macroeconomics. There are four topics I will cover:

1. Some topics on the macroeconomics of labor market

2. Productivity accounting

3. Several models of firm/industry dynamics

4. Models of political economy.

Course Webpage

Class webpage is available through Collab.

Grades

- Referee reports (30%)

- Term paper, presentation, and discussion (70%)

- There will be one bonus point (1%) added for filling out the course evaluation.

Note:

- Two or three referee reports will be assigned during the semester. Late assignments are not accepted. I'll reserve the right to make an exception only in extreme cases (due to personal or medical emergencies, in which case the student must provide a written excuse signed by a doctor, parent, or university official). Even for the exception case, a delay of over one week will not be accepted.

- It is desirable to include an original analysis in the term paper, but the minimum requirement is to conduct a literature review on a topic. The student has to provide me with a written short proposal (1–2 pages) before the spring break, and present the results at a class toward the end of the course. The presentation is accompanied by a discussion by another student. The paper has to be submitted in the final class.

- The grades cannot be renegotiated.

Textbooks

There is no required textbook. In the political economy part of the course, I will use some parts of the following books.

- Gehlbach, S., *Formal Models of Domestic Politics,* Cambridge. (G)

- Persson, T. and G. Tabellini, *Political Economics,* MIT Press. (PT)

- Grossman, G. M. and E. Helpman, *Special Interest Politics,* MIT Press. (GH)

Course Outline

(not all papers are covered)

1. Macroeconomics of labor market

   - Krusell, P.; T. Mukoyama; R. Rogerson, A. Şahin (2011), "A Three State Model of Worker Flows in General Equilibrium," *Journal of Economic Theory* 146, 1107–1133.
   - Elsby, M. W. L.; R. Michaels; D. Ratner (2013). "The Beveridge Curve: A Survey," mimeo.
   - Kroft, K.; F. Lange; M. J. Notowidigdo; and L. F. Katz (2013). "Long-Term Unemployment and the Great Recession: The Role of Composition, Duration Dependence, and Non-Participation." mimeo.
   - Mukoyama, T. "The Cyclicality of Job-to-Job Transitions and Its Implications for Aggregate Productivity," *Journal of Economic Dynamics and Control,* forthcoming.

2. Productivity accounting

   - Foster, L.; J. Haltiwanger; and C. J. Krizan (2001). "Aggregate Productivity Growth: Lessons from Microeconomic Evidence," in C. R. Hulten, E. R. Dean, and M. J. Harper (eds.) *New Developments in Productivity Analysis,* Chicago: University of Chicago Press.
   - Melitz, M. and S. Polanec (2013). "Dynamic Olley-Pakes Productivity Decomposition with Entry and Exit," mimeo.
   - Syverson, C. (2011). "What Determines Productivity?" *Journal of Economic Literature* 49, 326–365. level Data," *RAND Journal of Economics* 43, 705-725.
   - Osotimehin, S. "Aggregate Productivity and the Allocation of Resources over the Business Cycle," mimeo.

3. Firm Dynamics

- Klette, T. J. and S. Kortum (2004). "Innovating Firms and Aggregate Innovation," *Journal of Political Economy* 112, 986–1018.
- Lentz, R. and D. Mortensen (2005). "Productivity Growth and Worker Reallocation," *International Economic Review* 46, 731–749.
- Lentz, R. and D. Mortensen (2008). "An Empirical Model of Growth through Product Innovation," *Econometrica* 76, 1317–1373.
- Lentz, R. and D. Mortensen (2012). "Labor Market Friction, Firm Heterogeneity, and Aggregate Employment and Productivity," mimeo.

4. Political Economy

- Voting models: G, Ch1, Ch.2; PT, Ch.3; GH, Ch.2
- Special Interest Politics: G, Ch. 3; PT, Ch. 7; GH, Ch. 7, Ch. 8
- Legislative Bargaining: G, Ch. 6
- Applications: TBA