

# Applied Macroeconomic Analysis

Fall 2024

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Office Hours: Appointments always welcome.

In one semester of macro, we cannot cover all of the important components of the field. Instead, we will focus on issues such as: the evolution of central banking, money and the 2008 financial crisis, exchange rate management and macro problems in developing countries, consumption puzzles in macro, and labor markets. My hope is that instead of being an exhaustive review of macro, the class will spark your interest in the field and lead you to read more macroeconomics on your own and perhaps work on research in the area as well.

You should aim for perfect attendance with this course. Since we only meet once a week, if you have to miss a week, you will miss a lot of material. Having said that, stuff happens. If you need to miss a class, let me know beforehand so you can keep on track. I expect that you will come to class having read the papers and be ready to discuss them in depth. If participation seems to be waning in the class, I may add homework assignments to count as part of your participation grade.

## Assessing Learning

Participation	30%
In-class presentations	30%
Final Project	40%

## Timeline for the final project

Write to me with topics you are interested in, and we will discuss (by September 11<sup>th</sup>)

Write up what you are going to study and why in plain English—why is this interesting to you (and others) and how do you hope to contribute to the literature (by September 25<sup>th</sup>)

Find the most important papers on the topic and write me (again, in plain English) the evolution of the literature. How would you explain the literature to someone who knows nothing about it? Where would your paper fit in? (October 9<sup>th</sup>)

Now write up an introduction, giving the story of the literature and what (and why) you propose to do. Be specific about why your contribution will be different/better. Get feedback from me (possibly several times). (October 23<sup>rd</sup>)

Figure out what data you need to finish the project. How would you test your hypothesis?  
(November 6<sup>th</sup>)

Rough draft of everything (November 20<sup>th</sup>)

Final submission (December 9<sup>th</sup>)

### **What to do if you need help with writing:**

Please let me know if you are finding the reading or writing in this class difficult. Besides getting feedback from me, the [University Writing Center](#) is a great resource to help you with your writing. It is located in Room 175 of the English/Philosophy Building (see circled building below on the map). Their phone number is 742-2476 and they have recently started an online scheduler. Here is the link: [WCOOnline](#).

## **Schedule**

### **August 28<sup>th</sup> Some Basics of Money & Central Banking**

Chapter 1 of Irwin, N., 2013. *The Alchemists: Three Central Bankers and a World on Fire*. Penguin.

Mishkin, Frederic, 1995, Symposium on the Monetary Transmission Mechanism, *Journal of Economic Perspectives* 9(4), 3-10.

### **September 4<sup>th</sup> The Origins of Central Banking**

Chapter 3 & 4 of Smialek, Jeanna, 2023. *Limitless: The Federal Reserve Takes on a New Age of Crisis*, Knopf.

Alan Blinder, 1998, *Central Banking in Theory and Practice* (MIT Press), Chapter 1 and sections 1-3 of Chapter 2, Chapter 3.

Mendoza, Carlos, "Monetary Authority: similar beginning but different trajectories Bolivia, Ecuador, and Guatemala in comparative perspective."

Kemmerer, Donald L., and Bruce R. Dalgaard. "Inflation, Intrigue, and Monetary Reform in Guatemala, 1919-1926." *The Historian* 46, no. 1 (1983): 21-38.

### **September 11<sup>th</sup> Measuring the Macroeconomy**

Desrosières, Alain. *The politics of large numbers: A history of statistical reasoning*. Harvard University Press, 1998, pp. 195-209.

Jerven, Morten, 2013. *Poor numbers: how we are misled by African development statistics and what to do about it*. Cornell University Press. Introduction, Chapters 1 & 2.

### **September 18<sup>th</sup>            Central Banking During Crisis**

Chapter 9 of Irwin, N., 2013. *The Alchemists: Three Central Bankers and a World on Fire*. Penguin.

Chapter 5 of Smialek, J., 2023. *Limitless: The Federal Reserve Takes on a New Age of Crisis*, Knopf.

### **September 25<sup>th</sup>            Central Banking During Crisis, Part II**

Chapter 10 of Irwin, N., 2013. *The Alchemists: Three Central Bankers and a World on Fire*. Penguin.

Krugman, “Can Europe Be Saved?”

Lewis, Michael, various articles on the financial crisis in Iceland, Ireland, & Greece

### **October 2<sup>nd</sup>        The Macro Effects of Different Exchange Rate Regimes**

Blustein, Paul. *And the Money Kept Rolling In (and Out) Wall Street, the IMF, and the Bankrupting of Argentina*. Public Affairs, 2006.

### **October 9<sup>th</sup>        Exchange Rates, Macroeconomics, & Financial Crises**

Blustein, Paul. *And the Money Kept Rolling In (and Out) Wall Street, the IMF, and the Bankrupting of Argentina*. Public Affairs, 2006.

### **October 16<sup>th</sup>        Macroeconomics of Populism & Hyperinflation**

Dornbusch, R. and Edwards, S. (Eds.), 2007. *The Macroeconomics of Populism in Latin America*. University of Chicago Press, selected chapters.

Huertas, G., 2019. 19-13 [Hyperinflation in Venezuela: A Stabilization Handbook](#). Peterson Institute for International Economics

### **October 23<sup>rd</sup>        Macroeconomics & Agriculture**

Mueller, C.C. and Mueller, B., 2016. The political economy of the Brazilian model of agricultural development: Institutions versus sectoral policy, *Quarterly Review of Economics & Finance*, 62, 12-20.

Martín-Retortillo, M., Pinilla, V., Velazco, J. and Willebald, H., 2018. The goose that laid the golden eggs? Agricultural development in Latin America in the 20<sup>th</sup> century. In *Agricultural Development in the World Periphery* (pp. 337-363).

Shayanewako, Brighton, Elson Chuzu, and Adonis Tafirenyika Ntuli. 2016. "The Impact of Hyperinflation on the Agriculture Sector." *Economic Management in a Hyperinflationary Environment: The Political Economy of Zimbabwe, 1980-2008* 54.

### **October 30<sup>th</sup> Macro Challenges during Covid**

Romer, C.D., 2022. Lessons from Fiscal Policy in the Pandemic: The ODE Distinguished Economist Award Lecture. *The American Economist*, 67(2), pp.164-182.

Various chapters from Smialek, J., 2023. *Limitless: The Federal Reserve Takes on a New Age of Crisis*, Knopf.

### **November 6<sup>th</sup> Labor Markets & Macro**

Krueger, A.B., 2017. Where have all the workers gone? An inquiry into the decline of the US labor force participation rate. *Brookings Papers on Economic Activity*, 2017(2).

Bandiera, O., Bassi, V., Burgess, R., Rasul, I., Sulaiman, M. and Vitali, A., 2023. *The search for good jobs: evidence from a six-year field experiment in Uganda* (No. w31570). National Bureau of Economic Research.

### **November 13<sup>th</sup> Consumption & Macro**

Chang-Tai Hsieh, "Do Consumers React to Anticipated Income Changes? Evidence from the Alaska Permanent Fund," *American Economic Review*, 2003, 397-405.

Tesfaye, Wondimagegn, and Nyasha Tirivayi. "Crop diversity, household welfare and consumption smoothing under risk: Evidence from rural Uganda." *World Development* 125 (2020): 104686.

### **November 20<sup>th</sup> Where Does Macro Go Now?**

Other articles tba

Noah Smith, "[Summing up my thoughts on macroeconomics](#)," June 10, 2017.

David Glasner, "[The State We're In](#)," December 25, 2012.

Anton Korinek, "[Matching the Moment, But Missing the Point?](#)" October 19, 2015.

\*Noah Smith, "[Macro, what have you done for me lately?](#)" December 18, 2012.

Ricardo Caballero, 2010, "Macroeconomics after the Crisis: Time to Deal with the Pretense-of-Knowledge Syndrome," *Journal of Economic Perspectives* 24, 85–102.

Noah Smith, 2022, Macroeconomics is still in its infancy, November 20.  
<https://www.noahpinion.blog/p/macro-economics-is-still-in-its-infancy>