Overview of Course

The goals for this course are the following:

(i) Introduce students to important papers and research questions with high empirical content and relevance to macroeconomics, broadly defined.

(ii) Introduce students to a variety of empirical methods and data sources that can be used to test, calibrate and develop models of interest for macroeconomics and related fields.

(iii) Inspire students to think hard about best practices in empirical work, and how to combine creativity, tools, and high standards to produce successful research.

(iv) Assist students in building up a toolbox of simulation and estimation computer programs that can be used as a basis for future research.

Grade:

60% for homework assignments. Acceptable homework must have both report and code (if applicable). The code should be self-contained so that anyone can run it (which means that I should be able to run it and reproduce the results you present in your report). The computer projects may be done in small groups (no more than three students per group), but each homework must be submitted individually. You can use any programming language that you like. I will be talking mostly about (1) Dynare (for simulating DSGE models); (2) Stata for estimation; and (3) Matlab for estimation. I will grade the homework assignments on a scale of 0 to 10. If you receive less than 10 points, I will return the homework assignment to you so that you can make corrections and hand it in for a regrade. My goal is for you to finish the class with a toolbox of programs that don’t have errors in them.
• 40% for a written paper related to the material covered. (10 to 20 pages including graphs and tables, main text double-spaced with 1.50-inch right-hand margin.) Include a brief summary of the literature on the topic and relevance of your contribution. A project that does no more than replicate a study on a different or extended data set would be acceptable, but it nevertheless needs to be written as if it were a short article to be submitted to a journal and include a self-contained explanation of the methodology. You must meet with me by Friday May 12 to discuss your proposed paper and get approval. The paper should be e-mailed to me at vramey@ucsd.edu no later than 11:59 pm Monday June 12. NOTE: By University rules on Academic Integrity, you cannot submit the same (or extremely similar) work to two classes for credit. If your paper for this class is on the same topic as your paper for another class (such as 3rd year paper), you need to make sure that there is enough difference in content that you are not violating rules of academic integrity.

Resources for Class

We will be doing some “real-time” programming, model simulation, and empirical estimation in class, so you should bring your laptop to class. (If you do not have a laptop, talk to me and we will arrange something.) You have access to the following programs.

1. Matlab
2. Dynare (available for free at: http://www.dynare.org/ )
4. Software for empirical estimation (such as Matlab, Stata, Eviews, etc.)

The following reading list includes many papers on each topic. You must read all * papers, preferably before class. I expect you to read some, but certainly not the majority of the papers. This reading list is meant to be a useful bibliographic reference so that you may concentrate on topics that interest you.
I. Credibility in Macroeconomic Empirical Work


II. Estimating Causal Effects in Macroeconomics: General Methods and Pitfalls


III. The Effects of Government Spending and Taxes

A. Theory

1. Neoclassical Models


### 2. New Keynesian Models


Eggertsson, Gauti, "What Fiscal Policy is Effective at Zero Interest Rates?" NBER Macroeconomics Annual 2010.

### B. Measuring the Aggregate Effects of Government Spending


C. Measuring the Aggregate Effects of Taxes


D. Cross-Sectional and Panel Data: Theory and Evidence


E. Household Consumption Responses to Fiscal Shocks


http://ssrn.com/abstract=2746486


IV. Monetary Policy

A. Theoretical Models

(Review your notes from 201C)


B. Empirical


[http://faculty.chicagobooth.edu/john.cochrane/research/papers/talk_notes_new_measure_2.pdf](http://faculty.chicagobooth.edu/john.cochrane/research/papers/talk_notes_new_measure_2.pdf)


V. News


VI. Expenditures, Consumption, and Home Production


