

Prof. Dr. Alexander Kriwoluzky

## **Frontier papers in Macroeconomics**

(and some classics)

### **Aim**

This course aims at enabling students to conduct research in promising areas in macroeconomics. One area aims to identify the effects of fiscal and monetary policy using micro datasets. Further "hot" areas are macro and inequality, the role of expectations in macro, and macrofinance.

In a first step, we read and discuss recent papers and some classics. The fruitful discussions and the intensive engagement with the topics should lead to the development of independent research ideas.

### **Time and Venue**

Wednesday, 4 pm - 6 pm, DIW

### **Grading**

We start by reviewing some recent papers, which deal with promising potential research topics. Each student will be asked to present one of the papers in class. The presentation will count for 30% of the grade. Participation in the following discussion will count for another 20%.

Students are asked to develop their own research ideas based on the in the second part of the class. The presentation of the research ideas will count for 20%, a 5 page summary of the research idea for 30% of the final grade.

### **Potential papers**

#### **Identification in macro**

- Overview: Nakamura and Steinsson (2018b)
- Natural experiments and macro: Arezki et al. (2017), Bachmann et al. (2017) and Born et al. (2018)

- Combination of narratives and standard identification schemes: Antolín-Díaz and Rubio-Ramírez (2018)

### **The effects of fiscal policy and monetary policy**

- Classic: Ramey (2011)
- Regional fiscal multiplier: Nakamura and Steinsson (2014), Dupor and Guerrero (2017), and Chodorow-Reich (2019)
- Industry data and fiscal multiplier: Nekarda and Ramey (2011)
- Marginal tax rates: Mertens and Olea (2018)
- Monetary policy: Nakamura and Steinsson (2018a) and McKay et al. (2016), Jarocinski and Karadi (2018)

### **Macro and inequality, expectations and finance**

- Macrofinance: López-Salido et al. (2017)
- Macro and Inequality: Ahn et al. (2018)
- Macro and expectations: Andre et al. (2019)

## **References**

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- Andre, P., Pizzinelli, C., Roth, C., and Wohlfart, J. (2019). Subjective Models of the Macroeconomy: Evidence from Experts and a Representative Sample. *SSRN Electronic Journal*.
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- Arezki, R., Ramey, V. A., and Sheng, L. (2017). News shocks in open economies: Evidence from giant oil discoveries. *Quarterly Journal of Economics*.

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- Born, B., Müller, G. J., Schularick, M., and Sedláček, P. (2018). The Costs of Economic Nationalism: Evidence from the Brexit Experiment.
- Chodorow-Reich, G. (2019). Geographic Cross-Sectional Fiscal Spending Multipliers: What Have We Learned? *American Economic Journal: Economic Policy*.
- Dupor, B. and Guerrero, R. (2017). Local and aggregate fiscal policy multipliers. *Journal of Monetary Economics*.
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- López-Salido, D., Stein, J. C., and Zakrajšek, E. (2017). Credit-market sentiment and the business cycle. *Quarterly Journal of Economics*.
- McKay, A., Nakamura, E., and Steinsson, J. (2016). The power of forward guidance revisited. *American Economic Review*.
- Mertens, K. and Olea, J. L. M. (2018). Marginal tax rates and income: New time series evidence. *Quarterly Journal of Economics*.
- Nakamura, E. and Steinsson, J. (2014). Fiscal stimulus in a monetary union: Evidence from US regions. *American Economic Review*.
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- Nakamura, E. and Steinsson, J. (2018b). Identification in Macroeconomics. *Journal of Economic Perspectives*.
- Nekarda, C. J. and Ramey, V. A. (2011). Industry Evidence on the Effects of Government Spending. *American Economic Journal: Macroeconomics*, 3(1):36–59.
- Ramey, V. A. (2011). Identifying government spending shocks: It’s all in the timing. *Quarterly Journal of Economics*.