ECON 8346—Dynamic Macroeconomics

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Hours: By appointment, and just drop by.

Course Description

Readings:
We will use notes (written by me, I can sometimes be talked into writing more, if there is substantial interest):

1. Note on Structural Vector Autoregressive Regression models.(SVARs)

2. Note on Panel Data

3. Notes on Generalized Method of Moments (GMM) (Possibly I want to expand on this compared to last time)

Textbook:
Recursive Macroeconomic Theory Recursive Macroeconomic Theory, third edition, MIT Press 2012, By Lars Ljungqvist and Thomas J. Sargent
We will cover some parts (to be decided, see below).

There are many recent texts on SVARs, GMM (I recommend "Generalized Method of Moments" by Alastair Hall, Oxford Univ Press 2005), and Panel Data. If you want to dig into some of these areas, talk to me about what to read.

Course structure:
A midterm and 5+ homeworks followed by in-depth student presentations (a full class each, which in practice means that I do half the talking to help make things understandable to the rest of the class). (I insist on homeworks and midterm because my experience is that too many people do not not study properly without prodding.)
Topics covered (I will start with the first one which is just one lecture to get you to think about the role of empirical work).
1) Introduction (empirical methods in macro,)
2) GMM (how to do, applied perspective—I will not prove any econometrics results)
3) VAR (focus on interpretations of structural VARs and applications in macro)
4) Introduction to dynamic programming (Sargent and Ljungqvist)
5) A Midterm

In previous years, we have done student presentations after midterm - with students choosing a chapter from Sargent-Ljungqvist (large chapter can be 2 students) because this is an influential text written in a different style than most students are used to so it is good if we get exposed as much as possible

to this. Or a recent working paper that fits with the material of the class.

Advice: If you have passed the core, make sure to think about ideas for papers for your thesis as you take the class. As soon as you have any ideas that you think may lead to a paper ask me or other faculty members if it appears to be feasible and if it is done before!