

## Syllabus: EC502 – Macroeconomics

### Logistics

Fri 2:30-5:00pm in PHO 206

### Instructor:

Masao Fukui

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270 Bay State Road, SSW Room 400

Office Hours: Mon 2:30-5:30

### Teaching Assistant:

Martin Martinez

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Section: Tue 5:00-6:15pm in SAR 103

Office Hours: Tue 3:30-4:30pm at the Principle Center (in the basement of the Economics Department building, left wing).

### Overview:

This is the master's course in macroeconomics. The course covers a wide range of questions in macroeconomics. Why do countries grow? Why are some countries richer than others? What are the determinants of inequality? Why do some countries work more than others? How do households' consumption respond to changes in income? How do firms make investment decisions? What drives business cycles? What drives unemployment? What determines inflation? How do monetary and fiscal policies affect the real economy?

### Requirements:

Grading is based on problem sets (10%), the mid-term exam (40%), and the final exam (50%).

**Mid-term exam:** Held during Section on March 3

**Final exam:** Held during the exam period (dates and location TBD)

### Problem sets:

- There will be several problem sets.
- You are strongly encouraged to work in a group, but each student must hand in their own write-up.
- You are strongly encouraged to write it up as a PDF electronically (e.g., LaTeX, Word, or Pages).

## Textbooks:

There is no required textbook, but the following textbooks might be useful references:

- Jones, Charles I. *Macroeconomics*. 5th ed., W. W. Norton, 2020.
- Romer, David. *Advanced Macroeconomics*, McGraw Hill, 2018.
- Kurlat, Pablo. *A course in Modern Macroeconomics*, 2020.

## Course Outline (to be continuously updated):

### Topic 1: Development and Growth Accounting

- Jones textbook, Chapter 4
- Hsieh, C. T., & Klenow, P. J. (2010). Development accounting. *American Economic Journal: Macroeconomics*, 2(1), 207-223.
- Jones, B. F. (2014). The human capital stock: a generalized approach. *American Economic Review*, 104(11), 3752-3777.
- Hendricks, L., & Schoellman, T. (2018). Human capital and development accounting: New evidence from wage gains at migration. *The Quarterly Journal of Economics*, 133(2), 665-700.
- Lagakos, D., & Schoellman, T. (2026). Accounting for Cross-Country Income Differences Revisited. *Journal of Economic Literature*, forthcoming.

### Topic 2: Capital Accumulations and Growth

- Jones textbook, Chapter 5
- Davis, D. R., & Weinstein, D. E. (2002). Bones, bombs, and break points: the geography of economic activity. *American economic review*, 92(5), 1269-1289.
- Mankiw, N. G., Romer, D., & Weil, D. N. (1992). A contribution to the empirics of economic growth. *The quarterly journal of economics*, 107(2), 407-437.
- Kremer, M., Willis, J., & You, Y. (2022). Converging to convergence. *NBER macroeconomics annual*, 36(1), 337-412.
- Patel, D., Sandefur, J., & Subramanian, A. (2021). The new era of unconditional convergence. *Journal of Development Economics*, 152, 102687.

### Topic 3: Ideas and Growth

- Jones textbook, Chapter 6
- Bloom, N., Jones, C. I., Van Reenen, J., & Webb, M. (2020). Are ideas getting harder to find?. *American Economic Review*, 110(4), 1104-1144.
- Peters, M. (2022). Market size and spatial growth—evidence from Germany's post-war population expulsions. *Econometrica*, 90(5), 2357-2396.
- Jones, C. I. (2022). The end of economic growth? Unintended consequences of a declining population. *American Economic Review*, 112(11), 3489-3527.

#### **Topic 4: Industrial Policy**

- Juhász, R., Lane, N., & Rodrik, D. (2024). The new economics of industrial policy. *Annual review of economics*, 16(1), 213-242.
- Juhász, R. (2018). Temporary protection and technology adoption: Evidence from the napoleonic blockade. *American Economic Review*, 108(11), 3339-3376.
- Lane, N. (2025). Manufacturing revolutions: Industrial policy and industrialization in South Korea. *The Quarterly Journal of Economics*, 140(3), 1683-1741.
- Gross, D. P., & Sampat, B. N. (2023). America, jump-started: World War II R&D and the takeoff of the US innovation system. *American Economic Review*, 113(12), 3323-3356.
- Kantor, S., & Whalley, A. (2025). Moonshot: Public R&D and growth. *American Economic Review*, 115(9), 2891-2925.

#### **Topic 5: Understanding Cross-Country TFP Differences**

- Kalyani, A., Bloom, N., Carvalho, M., Hassan, T., Lerner, J., & Tahoun, A. (2025). The diffusion of new technologies. *The Quarterly Journal of Economics*, 140(2), 1299-1365.
- Hsieh, C. T., & Klenow, P. J. (2009). Misallocation and manufacturing TFP in China and India. *The Quarterly journal of economics*, 124(4), 1403-1448.
- Carrillo, P., Donaldson, D., Pomeranz, D., & Singhal, M. (2023). *Misallocation in Firm Production: A Nonparametric Analysis Using Procurement Lotteries*. National Bureau of Economic Research working paper No. w31311.
- Hsieh, C. T., Hurst, E., Jones, C. I., & Klenow, P. J. (2019). The allocation of talent and us economic growth. *Econometrica*, 87(5), 1439-1474.

#### **Topic 6: Income Inequality**

- Katz, L. F., & Murphy, K. M. (1992). Changes in relative wages, 1963–1987: supply and demand factors. *The quarterly journal of economics*, 107(1), 35-78.
- Akerman, A., Gaarder, I., & Mogstad, M. (2015). The skill complementarity of broadband internet. *The Quarterly Journal of Economics*, 130(4), 1781-1824.
- Acemoglu, D., & Restrepo, P. (2020). Robots and jobs: Evidence from US labor markets. *Journal of political economy*, 128(6), 2188-2244.

#### **Topic 7: Labor Supply**

- Gethin, A., & Saez, E. (2025). Global Working Hours. *NBER Working Paper*, (w34217).
- Boppart, T., & Krusell, P. (2020). Labor supply in the past, present, and future: a balanced-growth perspective. *Journal of Political Economy*, 128(1), 118-157.
- Bick, A., Fuchs-Schündeln, N., & Lagakos, D. (2018). How do hours worked vary with income? Cross-country evidence and implications. *American Economic Review*, 108(1), 170-199.
- Golosov, M., Graber, M., Mogstad, M., & Novgorodsky, D. (2021). *How Americans respond to idiosyncratic and exogenous changes in household wealth and unearned income*. National Bureau of Economic Research No. w29000.

#### **Topic 8: Consumption**

- Kurlat textbook, Chapter 6.
- Romer textbook, Chapter 8.
- R. Baker, S., Farrokhnia, R. A., Meyer, S., Pagel, M., & Yannelis, C. (2023). Income, liquidity, and the consumption response to the 2020 economic stimulus payments. *Review of Finance*, 27(6), 2271-2304.
- Kaplan, G., & Violante, G. L. (2014). A model of the consumption response to fiscal stimulus payments. *Econometrica*, 82(4), 1199-1239.
- Kaplan, G., & Weidner, J. (2014). The Wealthy Hand-to-Mouth. *Brookings Papers on Economic Activity*.
- Coibion, O., Georgarakos, D., Gorodnichenko, Y., Kenny, G., & Weber, M. (2024). The effect of macroeconomic uncertainty on household spending. *American Economic Review*, 114(3), 645-677.

### **Topic 9: Investment**

- Kurlat textbook, Chapter 8.
- Romer textbook, Chapter 9.
- Zwick, E., & Mahon, J. (2017). Tax policy and heterogeneous investment behavior. *American Economic Review*, 107(1), 217-248.

### **Topic 10: Business Cycles**

- Kurlat textbook, Chapter 12-13.
- Baxter, M., & King, R. G. (1999). Measuring business cycles: approximate band-pass filters for economic time series. *Review of economics and statistics*, 81(4), 575-593.
- Basu, S., Fernald, J. G., & Kimball, M. S. (2006). Are technology improvements contractionary?. *American Economic Review*, 96(5), 1418-1448.
- Kydland, F. E., & Prescott, E. C. (1982). Time to build and aggregate fluctuations. *Econometrica: Journal of the Econometric Society*, 1345-1370.
- Summers, L. H. (1986). *Some skeptical observations on real business cycle theory*. Harvard Institute of Economic Research.
- Angeletos, G. M., Collard, F., & Dellas, H. (2020). Business-cycle anatomy. *American Economic Review*, 110(10), 3030-3070.

### **Topic 11: Monetary Policy**

- Kurlat textbook, Chapter 14-15.
- Romer, C. D., & Romer, D. H. (2023). Presidential Address: Does Monetary Policy Matter? The Narrative Approach after 35 Years. *American Economic Review*, 113(6), 1395-1423.
- Romer, C. D., & Romer, D. H. (2004). A new measure of monetary shocks: Derivation and implications. *American economic review*, 94(4), 1055-1084.
- Drechsel, T., & Aruoba, S. B. (2022). *Identifying Monetary Policy Shocks: A Natural Language Approach*. Centre for Economic Policy Research.
- Nakamura, E., & Steinsson, J. (2018). High-frequency identification of monetary non-neutrality: the information effect. *The Quarterly Journal of Economics*, 133(3), 1283-1330.

- Gertler, M., & Karadi, P. (2015). Monetary policy surprises, credit costs, and economic activity. *American Economic Journal: Macroeconomics*, 7(1), 44-76.
- Krugman, P. R. (1998). It's baaack: Japan's slump and the return of the liquidity trap. *Brookings Papers on Economic Activity*, (2), 137.
- Nakamura, E., & Steinsson, J. (2013). Price Rigidity: Microeconomic Evidence and Macroeconomic Implications. *Annual Review of Economics*, 5(1), 133-163.
- Grigsby, J., Hurst, E., & Yildirmaz, A. (2021). Aggregate nominal wage adjustments: New evidence from administrative payroll data. *American Economic Review*, 111(2), 428-471.

### Topic 12: Fiscal Policy

- Kurlat textbook, Chapter 15.
- Ramey, V. A. (2011). Identifying government spending shocks: It's all in the timing. *The Quarterly Journal of Economics*, 126(1), 1-50.
- Ramey, V. A., & Shapiro, M. D. (1998, June). Costly capital reallocation and the effects of government spending. In *Carnegie-Rochester conference series on public policy* (Vol. 48, pp. 145-194). North-Holland.
- Nakamura, E., & Steinsson, J. (2014). Fiscal stimulus in a monetary union: Evidence from US regions. *American Economic Review*, 104(3), 753-792.
- Serrato, J. C. S., & Wingender, P. (2016). *Estimating local fiscal multipliers* (No. w22425). National Bureau of Economic Research.
- Werning, I. (2015). *Incomplete markets and aggregate demand* (No. w21448). National Bureau of Economic Research.
- Auclert, A., Rognlie, M., & Straub, L. (2024). *The intertemporal keynesian cross*. *Journal of Political Economy*.
- Egger, D., Haushofer, J., Miguel, E., Niehaus, P., & Walker, M. (2022). General equilibrium effects of cash transfers: experimental evidence from Kenya. *Econometrica*, 90(6), 2603-2643.

### Topic 13: Financial Crisis

- The Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel 2022, Scientific Background: Financial intermediation and the economy, <https://www.nobelprize.org/uploads/2022/10/advanced-economicsciencesprize2022-2.pdf>
- Bernanke, B. S. (1983). Nonmonetary Effects of the Financial Crisis in the Propagation of the Great Depression. *The American Economic Review*, 73(3), 257-276.
- Chodorow-Reich, G. (2014). The employment effects of credit market disruptions: Firm-level evidence from the 2008–9 financial crisis. *The Quarterly Journal of Economics*, 129(1), 1-59.
- Huber, K. (2018). Disentangling the effects of a banking crisis: Evidence from German firms and counties. *American Economic Review*, 108(3), 868-898.

### Topic 14: Unemployment

- Kurlat textbook, Chapter 7

- Fujita, S., & Ramey, G. (2009). The cyclicalities of separation and job finding rates. *International Economic Review*, 50(2), 415-430.
- Shimer, R. (2012). Reassessing the ins and outs of unemployment. *Review of Economic Dynamics*, 15(2), 127-148.
- Petrongolo, B., & Pissarides, C. A. (2001). Looking into the black box: A survey of the matching function. *Journal of Economic literature*, 39(2), 390-431.
- Rogerson, R., Shimer, R., & Wright, R. (2005). Search-theoretic models of the labor market: A survey. *Journal of economic literature*, 43(4), 959-988.