

WORKSHOP

Topics in Macroeconomics

Meetings	Thursday, April 18, 12.15-13.00, HS 2330 (prep meeting) Thursday, May 2 nd , 09.15-13.00, HS 2330 Thursday, June 6 th , 09.15-13.00, HS 2330 Thursday, June 20 th , 09.15-13.00, HS 2330 Thursday, July 4 th , 09.15-13.00, HS 2330
Language	English
Audiences	<ul style="list-style-type: none">- MSc Economics (EP,F)- MSc VWL- Diplomstudiengang VWL: 2. Studienabschnitt, Pflichtfach Theorie (Makro)
Prerequisites	Macroeconomics at the level of <i>Advanced Macroeconomics I</i>
Credit Points/ Requirements	<p>You can participate in this workshop for 4 seminar points Requirement: term paper plus presentation (in English)</p> <p>Alternatively, you can acquire 6 CP for a topics course Requirement: Presentation plus final exam</p>
Final Exam	A 90 minutes written final exam will be given at the end of the semester. No retake.

Outline*

I Fiscal Policy

1. The Macroeconomics of Fiscal Policy

* Michael Woodford, Simple Analytics of the Government Expenditure Multiplier, *American Economic Journal: Macroeconomics* 3 (January 2011): 1–35

2. Fiscal Policy in a Liquidity Trap

* Gauti Eggertsson, What Fiscal Policy Is Effective at Zero Interest Rates? *NBER Macroeconomics Annual 2010*, 59-112 (Comments by Lawrence Christiano and Lee Ohanian)

Casey B. Mulligan, Simple Analytics and Empirics of the Government Spending Multiplier and Other “Keynesian” Paradoxes, *The B.E. Journal of Macroeconomics* 11, 1, 2011.

3. Does Austerity Reduce Public Debt?

* Bradford DeLong, and Lawrence H. Summers, Fiscal Policy in a Depressed Economy, *Brookings Papers on Economic Activity*, Spring 2012, 233-274 (comments by Martin Feldstein and Valerie Ramey).

Dawn Holland, Less austerity, more growth?, *NIESR Discussion Paper* No. 400, October 2012.

4. The Debate on Austerity

* Paul De Grauwe, Fiscal Policies in “normal” and “abnormal” recessions”, voxeu.org, 30 March 2010,

www.voxeu.org/article/fiscal-policies-normal-and-abnormal-recessions

Roberto Perotti, The “Austerity Myth”: Gain Without Pain? *NBER Working Paper* 17571, November 2011.

Olivier Blanchard and Daniel Leigh, Growth Forecast Errors and Fiscal Multipliers, *IMF Working Paper* 13/1, 2013.

Giancarlo Corsetti et al., Austerity: Too much of a Good Thing? CEPR e-book www.voxeu.org/content/austerity-too-much-good-thing

* asterisked papers are required reading for all participants

II The Financial Sector and Macroeconomic Theory*

5. Putting the Financial Sector Back into Macro

- * Guillermo Calvo, Looking at Financial Crises in the Eye, Columbia University, May 2010.
- Claudio Borio, The financial cycle and macroeconomics: what have we learnt?, *BIS Working Papers*, no 395, December 2012.

6. Balance Sheet Recessions

- * Gauthi B. Eggertsson and Paul Krugman, Debt, Deleveraging, and the Liquidity Trap: A Fisher-Minsky-Koo Approach, *Quarterly Journal of Economics*, 2012, 1469-1513.
- Irving Fisher, The Debt-Deflation Theory of Great Depressions, *Econometrica*, 1933, 337–357.
- Richard Koo, The World in Balance Sheet Recession: Causes, Cures, and Politics, *Real-World Economics Review*, 2012, 19-37.

III The State of Macro

- * Paul Krugman, How Did Economists Get It So Wrong? New York Times Magazine, September 2, 2009.
- * John Cochrane, How Did Paul Krugman Get It So Wrong? Economic Affairs, June 2011, 36-40.
- * Brad DeLong et al., Stimulus or Stymied? The Macroeconomics of Recessions, Rough Transcript of a Panel at the 2013 AEA Annual Meetings, <http://delong.typepad.com/sdj/2013/01/rough-transcript-stimulus-or-stymied-the-macroeconomics-of-recessions.html>

* asterisked papers are required reading for all participants

Requirements

To earn **4 seminar points** every student will have to write a term paper (60%) and to present his or her findings to the other participants (40%). **Important: Term papers can either be written in English or German. However, the presentation is in English!** Topics will be assigned as far as possible reflecting individual preferences. The term paper should not exceed 15 pages and **two copies** should be handed in 1 week before the respective session.

To earn **6 credit points for a topics course**, it is necessary to give a presentation (40%), and to pass a final exam (60%). Topics of the presentations will be assigned as far as possible reflecting individual preferences.

For all students active participation in all meetings is required!

How to sign up

Preliminary registration will be possible from Monday, February 11th until Friday, February 22nd. You can download the registration form from our website. Please fill out the form and do not forget to mention preferences regarding the topic. Then send this form via e-mail to Ms. Flotho (stefanie.flotho@vwl.uni-freiburg.de). Please note that the texts for each topic will be accessible through campus-online.

On Wednesday, February 27th we will notify the participants about admission to the workshop and their topics via e-mail. At that point, admitted students are asked to declare their commitment to accept their slot in this seminar. If a student withdraws participation we will assign this topic according to our waiting list.

Up to April 25th (1 week after the prep meeting) it is possible to withdraw from the participation of the workshop without punishment. If you decide not to give a presentation after this date, the course will be recorded as failed.