Economics 742

Applied Macroeconomics
Spring 2021

Class Time & Location
Tue & Thu 9:30-11:00AM
Taught on Zoom at link on course website

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Office hours M 4-5, F 9-10 and by appointment on Zoom
(link on course website, email ahead)

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Office hours held on Zoom via google calendar at bu.edu/econ/rking/.

Course Overview

This course is the final component of the second-year macroeconomics field sequence for the Boston University economics PhD program. We will review recent research in the field of macroeconomics and provide feedback and guidance for student research projects. The course is split into two parts taught separately by Professors Guren and King. A reading list for each part will be posted on Blackboard at learn.bu.edu. Evaluation will be based the assignments described below and on a research project.

Topics Covered by Adam: Until 3/16

- Micro Data and Identification in Macroeconomics
- Price Setting and Aggregate Price Stickiness
- Heterogenous Agent New Keynesian Models

Topics Covered by Bob: Starting 3/23

- Monetary Regimes in History and Econometrics
- Optimal Monetary Policy Design with Regime Switches and Evolving Reputation

Course Requirements

Students will be evaluated based on their performance on assigned readings and a research project. Grading specifics will be discussed in class.

Required Readings and Course Participation (40% of grade)

For Adam's part

In order to produce new macroeconomic knowledge, you must first be able to consume the existing ideas of macroeconomists. For most class meetings, one or two journal articles will be specified on the course reading list as required reading.

- **Summary Slides**: For the classes 2 to 8, each student will prepare a 2-slide summary of each article assigned as required reading. The first slide should briefly summarize the conclusions of the article. The second slide should present an analysis of the paper: a critique or an idea related to the paper. To receive credit for each assigned reading, students must email their summary slides to the instructor no later than **8pm the night before the class meeting**.

- **Random Presentation**: At the beginning of some classes with summary slides, the instructor will randomly draw an integer with replacement for each assigned reading. Based on seating order and this random draw, one student will give a 3-minute presentation of their summary slides.

- **In Class Presentation of HANK Paper**: An important skill to develop is to be able to present a paper in a seminar. This assignment is meant to provide students an opportunity to present a paper that is not their own to the class.
  For the last four lectures of Adam's part from **March 2 to March 16**, the class will be structured as a reading group on Heterogenous Agent New Keynesian Models. We will cover two papers a day (with the exception of March 16 when we will cover 3 and start early), and everyone will be expected to read the papers. At the beginning of the semester, each student will choose a paper to present for this portion of the class. Every student will be expected to teach the paper to the class (which will have read the paper) for 20 mins in no more than 10 slides. We will then discuss the paper as a group for 15 minutes (which may be interspersed with the presentation). There is also a list of related papers for each paper. Please look briefly at these related papers and mention them in your presentation if you think it would be useful. You do not need to read them with the same level of detail and care as the main paper (see Adam's notes for examples of how to briefly summarize related papers). Please send Adam your slides at least 48 hours before your presentation. Adam will work with you on refining them as necessary. He will also post them on the website so that other students will have them for note taking.

For Bob's Part

- **Research paper**: Each student will be assigned to a recent research paper from a list that will be distributed about February 1. The student will have another course member as a teammate to work on various activities related to this paper. The teams and papers will be assigned by the instructor but with some consideration given to student areas of research interest.

- **Poster**: By noon on **Friday March 19**, each team will submit a poster describing the contributions of the paper, two pages of bullet points to accompany a poster presentation, and a 3 minute recorded presentation. These will be posted on the course website. Team members will discuss these materials with the instructor, but there will not be a class session devoted to these posters.

- **Conference presentations and discussions**: Conference presentations and discussions are among the most important activities for academic researchers. For each assigned research paper, the teammates will work to produce a set of slides for a 15 minute presentation and a set of slides for a 10 minute discussion. Two sessions on **April 1 and April 6** will be devoted to these presentations and discussions. One team member will be randomly assigned to do the presentation and the other to the discussion.

- **Referee report:** Students will prepare a referee report on one of the assigned papers (not the one that they will present or discuss). A rubric for referee report preparation will be distributed. These reports will be due by midnight on **April 8** and distributed to the relevant class members soon afterwards, along with an editorial letter.

- **Response to editorial and referee reports.** Each team will prepare a written response to two referee reports and an editorial letter. A rubric for author response will be distributed. These responses will be due by midnight on **April 15**.

Grading for this portion of the course will be based on these five assignments and class participation. The exact details will be discussed in class.

Research Project (60% of grade)

Students will be expected to complete an independent research project over the course of the semester. It is our hope that this project can serve as the foundation for a student's second-year paper or future dissertation research. Note that you are welcome to work in pairs for our class, but second year papers cannot be coauthored.

- **Monday January 25**: Each student meets individually with Bob and Adam together to discuss your research interests and potential topics. 24 hours prior to their meeting, students e-mail Bob and Adam at least three ideas for potential presentation topics.

After the first meeting, Bob and Adam will assign students a project adviser based on their interests. You are welcome to meet with the person who is not your adviser or and macro faculty members not teaching 742. However, during weeks with required one-on-one meetings with your project adviser, we ask that you not meet with the other faculty member so that project advisers can allocate enough attention to their advisees.

Step 1: Research Proposal

Formulating specific goals and planning for their implementation forces a researcher to think about what might be learned from their work. Students will present a research proposal with a set of concrete objectives and steps for completion of their research project.

- **February 1-5**: Each student meets individually with their project adviser to review their progress. In advance of this meeting, students prepare a two-page document outlining the topic, data (if empirical), methods, and relation to the literature.
- **Thursday, February 18** in Class (8:30am-10:45am): Each student gives a 8-minute presentation of their proposed research. You have *no more than six slides* to motivate the topic, explain the idea clearly, provide some preliminary evidence or analysis, and explain what the next steps are for the research. Because students will be expected to provide results by the end of the semester in part 3, students should clearly explain what they plan to achieve in that time frame. Students are expected to attend all of the presentations to the best of their ability.

Step 2: Research Results

In order to contribute to macroeconomic knowledge, a researcher must produce results. This process is the core of research and often requires the acquisition of new skills and creative problem-solving effort. In order to ensure that students gain experience with the implementation of a research plan, each student will present some preliminary results building on their proposal from part 2. *Note that after your part 1 presentation, you will not be able to change topics*.

- **February 21-25**: Each student meets individually with their project adviser to get feedback on your research proposal presentation and discuss plans for what results are reasonable to achieve by the final presentation.

- **In Late March and Early April**: Each student meets individually with their project adviser to review their progress and decide on specific goals for the final presentation.

- **April 27 and 29** In Class (8:45-10:45): Each student gives a 12-minute in-class presentation of their preliminary research results. The presentation should be *no more than eight slides*. Students should include an introduction motivating their work project, their results, and a plan of where to continue next. *The presentation should not assume that we have seen their step two presentation; in fact it should explain and motivate everything as if we have never heard of their research before.* Students must also submit a research paper outline of at least three pages based on their results.

Pandemic-Related Course Policies

Zoom Engagement

We realize it is not ideal for the class to be entirely remote, but we are committed to making the class as rich and rewarding as possible and to try to promote as much discussion and cooperation between classmates as possible. Given this, when on Zoom we ask that you *please turn your cameras on* so that we can make learning as engaging as possible under the circumstances. We readily admit that we are far more likely to be on email, chat, surfing the internet, etc. when our camera is off. In fact we believe it is very difficult for all of us not to engage in these distractions when our cameras are turned off.

COVID and Unforeseen Bumps in the Road

We know that this is an extremely difficult time to be a Ph.D. student and to be making decisions that may impact your health. We empathize with these challenges and will be working to support you to the best of our ability. Please reach out at any time if we can be of help. We care about your health, mental health, and well-being just as we care about your learning in our course. We hope you are in graduate school because you love research and love economics; if circumstances are making it difficult to feel that way and the course is becoming an undue source of stress, please let us know so we can help you.

If you do test positive for COVID or find yourself required to quarantine, we encourage you to be in touch with us, just as we would ask you to let us know of any illness or life circumstance that would impact your performance in our course. With this information, we will be better able to support you and make course accommodations as needed. We will certainly keep any personal information in confidence.

We also know that unforeseen circumstances may arise in the course of the pandemic that may limit your ability to engage with the course or even our ability to teach the course. We will be as lenient as reasonably possible so long as things do not seem to be turning into a worrisome pattern (e.g., a crisis cannot happen every time you present or have a response paper due). Also, given that a key component of the course is live presentations, we ask that you try to let us know if you will be unable to present with as much advance notice as possible so we can have as much flexibility as possible in changing the course's schedule.