

ECON 722

Advanced Topics in Macroeconomics

Department of Economics
McGill University
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Office hours: Wednesdays, 1.20pm-2.20pm (or by appointment)

Regular classes: Wednesdays 8.35am-11.35pm.

Course Overview

This course covers some papers at the research frontier of a few areas in Macroeconomics. We begin with some background material, partly a quick review of first-year Ph.D. macro. We then cover papers on Economic Development, Macroeconomics and Inequality, and Firm-Level Heterogeneity.

The goal is to get students acquainted with some of the recent material on these topics. There is no attempt at providing a comprehensive overview of any of the topics. We will simply cover a few papers that I am interested in, and papers that in my view may lead to interesting research ideas. Other references may be added as the course progresses. We will only cover a few articles in detail, and we won't have the time to cover others at all - however, some students might be interested in writing a term paper based on those.

Strong MA students may take the course. They need to have a GPA of at least A-, and should meet me in order for me to assess whether the course is compatible with the student's objectives.

Course Learning Outcomes

Students will become acquainted to the research frontier in the topics covered. The substance of the articles will be emphasized, in addition to the methods. Students should be able to identify and pursue research questions in these areas.

More generally, this course aims at providing students with a transition from first-year Ph.D. courses to being able to critically understand the current research and to develop their own research in an independent fashion.

Elements Evaluated: The project mimics the research process: understand and critically assess a paper/literature, propose and implement a meaningful modification, face open-ended questions. The project teaches and then evaluates whether the students are ready to engage in this process. The project also evaluates whether the students are able to make independent progress, with limited (advisor-like) supervision, and how well they are able to have discussions about research and incorporate feedback. This ensures that students are ready to contribute to the advancement of the field. The final grade will be based on the progress the students are able to make throughout the semester, their presentations, their ability to have meaningful discussions and incorporate feedback, and quality of the slides and the drafts (clarity, rigour, analytical skills, ability to synthesize and digest the results).

AI Policy

Students may use artificial intelligence tools, including generative AI, in this course as learning aids or to help produce assignments. However, students are ultimately accountable for the work they submit. Please keep in mind that (i) AI tools often produce incorrect and imprecise answers, or using non-standard language, and that (ii) it's fundamental that the students practice developing their own reasoning.

Topics and Reading List

The main textbook for the background material is [Azzimonti et al. \(2024\)](#). The second part of the course will rely on journal articles.

I. Background

1. *Economic Growth:* [Barro and Sala-i-Martin \(2004\)](#), [Acemoglu \(2009\)](#), Chapters 2 and 8), [Azzimonti et al. \(2024\)](#), Chapters 9 and 12).

II. Economic Development

1. Facts

- (a) *Data:* [Summers and Heston \(1991\)](#), [Feenstra et al. \(2015\)](#), [Maddison \(1991, 1994\)](#), [Gollin \(2002\)](#).
- (b) *Accounting:* [Klenow and Rodriguez-Clare \(1997\)](#), [Hall and Jones \(1999\)](#), [Caselli \(2005\)](#), [Hsieh and Klenow \(2010\)](#), [Acemoglu \(2009\)](#), Chapter 3).

2. Theory

- (a) *Technology*: Hsieh and Klenow (2007).
- (b) *Human Capital*: Mankiw et al. (1992), Bils and Klenow (2000), Erosa et al. (2010), Manuelli and Seshadri (2014), Acemoglu (2009, Chapter 10), Lagakos et al. (2018a,b).
- (c) *Misallocation*:
 - i. *Generic*: Restuccia and Rogerson (2008), Hsieh and Klenow (2009, 2014), Hopenhayn (2014), Bils et al. (2021).
 - ii. *Financing Frictions*: Castro et al. (2004, 2009), Buera et al. (2011), Buera and Shin (2013, 2017), Midrigan and Xu (2010), Moll (2014), Castro and Sevcik (2024).
 - iii. *Other Stories*: Guner et al. (2008), Jones (2011), Edmond et al. (2023).

II. Macroeconomics and Inequality

1. *Facts*: Card and DiNardo (2002), Autor et al. (2008), Krueger et al. (2010), Guvenen et al. (2021)
2. *Wage Inequality*: Katz and Murphy (1992), Card and Lemieux (2001), Krusell et al. (2000), Jeong et al. (2015), Heathcote et al. (2010), Guvenen and Kuruscu (2010).
3. *Role of Firms*: Card et al. (2013), Song et al. (2018), Alvarez et al. (2018).
4. *Educational Attainment*: Goldin and Katz (2008), Heckman et al. (1998), Hendricks and Schoellman (2014), Restuccia and Vandenbroucke (2013), Lochner and Monge-Naranjo (2011), Castro and Coen-Pirani (2016).
5. *Policy*: Heathcote et al. (2014), Itskhoki and Moll (2019), Guvenen et al. (2023).

IV. Firm-level heterogeneity

1. *Basics*: Hopenhayn (1992), Hopenhayn and Rogerson (1993), Clementi and Palazzo (2016).
2. *Worker inequality*: Gouin-Bonenfant (2022), Bilal et al. (2022), Berger et al. (2022a), Berger et al. (2022b), Castro and Clementi (2022).
3. *Job ladder*: Burdett and Mortensen (1998), Postel-Vinay and Robin (2002), Bagger et al. (2014), Haltiwanger et al. (2018), Moscarini and Postel-Vinay (2018), Engbom (2022), Donovan et al. (2023), Baksy et al. (2024).

McGill Policy Statements

- *Language of Submission:* In accord with [McGill University's Charter of Students' Rights](#), students in this course have the right to submit in English or in French any written work that is to be graded.

En français: Conformément à la [Charte des droits de l'étudiant de l'Université McGill](#), chaque étudiant a le droit de soumettre en français ou en anglais tout travail écrit devant être noté (sauf dans le cas des cours dont l'un des objets est la maîtrise d'une langue).

- *Academic Integrity:* McGill University values academic integrity. Therefore, all students must understand the meaning and consequences of cheating, plagiarism and other academic offences under the [Code of Student Conduct and Disciplinary Procedures](#). See [McGill's guide to academic honesty](#) for more information.

En français: L'université McGill attache une haute importance à l'honnêteté académique. Il incombe par conséquent à tous les étudiants de comprendre ce que l'on entend par tricherie, plagiat et autres infractions académiques, ainsi que les conséquences que peu-

- This syllabus has been prepared in accordance to [McGill's Policy Assessment of Student Learning \(PASL\)](#).

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D. H. Autor, Gics

M. Bils and P. J. Klenow. Does schooling cause growth?

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