

**Macroeconomics I**  
CEMFI  
Margarida Duarte  
Diego Restuccia  
Spring 2018

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**Lectures:** Tuesday 9:30-13:00

**Tutorials:** Friday 11:30-13:00

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**Teaching Assistant:** Juan Carlos Ruiz Garcia, ruiz-garcia@cemfi.edu.es

**Course Work and Grading:**

The grade for the course will be determined by a final exam at the end of the course. There will be nine weekly homework assignments, due on the Tutorial class the following week. Every student is strongly encouraged to work on these problem sets individually and in groups and to submit the solutions individually. The homework assignments will be discussed in the Tutorial class and they will not be graded.

**Schedule:**

Margarida Duarte will teach weeks 1-5 and Diego Restuccia will teach weeks 6-10. There will not be a Tutorial class on week 1.

**Course Outline and Selected Readings:**

(tentative and subject to change)

1. Introduction: Basic Growth and Development Facts and the Solow Growth Model

- Lecture notes/slides.
- Gregory Mankiw, David Romer, and David Weil (1992), “A Contribution to the Empirics of Economic Growth,” *The Quarterly Journal of Economics*, May, pp. 407-437.
- Peter Klenow and Andrés Rodríguez-Clare (1997), “The Neoclassical Revival in Growth Economics: Has It Gone Too Far?” NBER Macroeconomics Annual, Cambridge MA.
- V.V. Chari, Patrick Kehoe, and Ellen McGrattan (1997), “The Poverty of Nations: A Quantitative Investigation,” Federal Reserve Bank of Minneapolis Staff Report 204
- Margarida Duarte and Diego Restuccia (2006), “The Productivity of Nations,” Federal Reserve Bank of Richmond Economic Quarterly, Volume 92 (3), pp. 125-223.

## 2. The Neoclassical Growth Model

- Lecture notes/slides.
- V.V. Chari, Patrick Kehoe, and Ellen McGrattan (1997), “The Poverty of Nations: A Quantitative Investigation,” Federal Reserve Bank of Minneapolis Staff Report 204
- Diego Restuccia and Carlos Urrutia (2001), “Relative Prices and Investment Rates,” *Journal of Monetary Economics* 47, pp. 93-121.

## 3. Multi-Sector Models and Structural Transformation

- Piyabha Kungsamut, Sérgio Rebelo, and Danyang Xie (2001), “Beyond Balanced Growth,” *Review of Economic Studies* 68, pp. 869-882.
- Rachel Ngai and Christopher Pissarides (2007), “Structural Change in a Multi-sector Model of Growth,” *American Economic Review* 97, pp. 429-443.
- Margarida Duarte and Diego Restuccia (2010), “The Role of the Structural Transformation in Aggregate Productivity,” *The Quarterly Journal of Economics* 125, pp. 129-173.
- Berthold Herredorf, Richard Rogerson, and Ákos Valentinyi (2014), “Growth and Structural Transformation,” *Handbook of Economic Growth*, Vol. 2B.

## 4. Overlapping Generations Model

- Lecture notes/slides.
- George McCandless Jr. with Neil Wallace (1991), *Introduction to Dynamic Macroeconomic Theory: An Overlapping Generations Approach*, Harvard University Press.

## 5. Life-Cycle Model

- Lecture notes/slides.
- Martin Browning and Thomas F. Crossley (2001), “The life-cycle model of consumption and saving,” *Journal of Economic Perspectives* 15(3), pages 3-22.
- Greg Kaplan, Giovanni L. Violante, and Justin Weidner (2014), “The Wealthy Hand-to-Mouth,” *Brookings Papers on Economic Activity* 2014.1, pages 77-138.
- Greg Kaplan and Giovanni L. Violante (2014), “A model of the consumption response to fiscal stimulus payments,” *Econometrica* 82(4), pages 1199-1239.
- Diego Restuccia and Carlos Urrutia (2004), “Intergenerational persistence of earnings: The role of early and college education,” *American Economic Review* 94(5), pages 1354-1378.

## 6. Production Heterogeneity and Productivity

- Lecture notes/slides.

- Diego Restuccia and Richard Rogerson (2008), “Policy Distortions and Aggregate Productivity with Heterogeneous Plants,” *Review of Economic Dynamics*, vol. 11(4), pages 707-720, October.
- Nezhir Guner, Gustavo Ventura, and Daniel Xu (2008), “Macroeconomic Implications of Size Dependent Policies,” *Review of Economic Dynamics*, 11(4): pp. 721-44.
- Chang-Tai Hsieh and Peter J. Klenow (2009), “Misallocation and Manufacturing TFP in China and India,” *Quarterly Journal of Economics* 124, November 1403-1448.
- Diego Restuccia and Richard Rogerson (2017), “The Causes and Costs of Misallocation,” *Journal of Economic Perspectives*, 31(3), pp. 151-174.

## 7. Misallocation in Agriculture

- Lecture notes/slides.
- Tasso Adamopoulos and Diego Restuccia (2014), “The Size Distribution of Farms and International Productivity Differences,” *American Economic Review*, 104(6): pp. 1667-97.
- Tasso Adamopoulos, Loren Brandt, Jessica Leight, and Diego Restuccia (2017), “Misallocation, Selection and Productivity: A Quantitative Analysis with Panel Data from China,” working paper, University of Toronto.
- Diego Restuccia and Raul Santaeulalia-Llopis (2017), “Land Misallocation and Productivity,” working paper, University of Toronto.