

**ECONOMICS 210C / ECONOMICS 236A
MACROECONOMIC HISTORY**

SYLLABUS

I. OVERVIEW OF U.S. MACROECONOMIC HISTORY AND DATA

August 31

Christina D. Romer. 1986. "Spurious Volatility in Historical Unemployment Data." *Journal of Political Economy* 94 (February): 1-37.

Joseph H. Davis. 2004. "An Annual Index of U.S. Industrial Production, 1790-1915." *Quarterly Journal of Economics* 119 (November): 1177-1215.

Margaret M. McConnell and Gabriel Perez-Quiros. 2000. "Output Fluctuations in the United States: What Has Changed Since the Early 1980s?" *American Economic Review* 90 (December): 1464-1476.

Christopher Hanes. 1993. "The Development of Nominal Wage Rigidity in the Late 19th Century." *American Economic Review* 83 (September): 732-756.

II. THE EFFECTS OF MONETARY CHANGES

September 7

Leonall C. Andersen and Jerry L. Jordan. 1968. "Monetary and Fiscal Actions: A Test of Their Relative Importance in Economic Stabilization." Federal Reserve Bank of St. Louis *Review* 50 (November): 11-24.

Milton Friedman and Anna Jacobson Schwartz. 1963. "A Summing Up." Chapter 13 of *A Monetary History of the United States, 1867-1960* (Princeton: Princeton University Press for NBER): 676-700.

Gary Richardson and William Troost. 2009. "Monetary Intervention Mitigated Banking Panics during the Great Depression: Quasi-Experimental Evidence from a Federal Reserve District Border, 1929–1933." *Journal of Political Economy* 117 (December): 1031-1071.

François R. Velde. 2009. "Chronicle of a Deflation Unforetold." *Journal of Political Economy* (August): 591-634.

September 14

Lawrence J. Christiano, Martin Eichenbaum, and Charles Evans. 1996. "The Effects of Monetary Policy Shocks: Evidence from the Flow of Funds." *Review of Economics and Statistics* 78 (February): 16-34.

Jordi Galí. 1992. "How Well Does the IS-LM Model Fit Postwar U.S. Data?" *Quarterly Journal of Economics* 107 (May): 709-738.

Ben S. Bernanke and Ilian Mihov. 1998. "Measuring Monetary Policy." *Quarterly Journal of Economics* 113 (August): 869-902.

Christina D. Romer and David H. Romer. 2004. "A New Measure of Monetary Policy Shocks: Derivation and Implications." *American Economic Review* 94 (September): 1055-1084.

III. THE EFFECTS OF FISCAL CHANGES**September 21**

Robert E. Hall. 2009. "By How Much Does GDP Rise If the Government Buys More Output?" *Brookings Papers on Economic Activity* (Fall): 183-195 only.

Valerie A. Ramey. 2011. "Identifying Government Spending Shocks: It's All in the Timing." *Quarterly Journal of Economics* (February): 1-50.

Gabriel Chodorow-Reich, Laura Feiveson, Zachary Liscow, and William Gui Woolston. 2011. "Does State Fiscal Relief During Recessions Increase Employment? Evidence from the American Recovery and Reinvestment Act." Unpublished paper, University of California, Berkeley, August.

Emi Nakamura and Jón Steinsson. 2011. "Fiscal Stimulus in a Monetary Union: Evidence from U.S. Regions." Unpublished paper, Columbia University, August.

September 28

Christina D. Romer and David H. Romer. 2010. "The Macroeconomic Effects of Tax Changes: Estimates Based on a New Measure of Fiscal Shocks," *American Economic Review* 100 (June): 763-801.

Robert J. Barro and Charles J. Redlick. 2011. "Macroeconomic Effects from Government Purchases and Taxes." *Quarterly Journal of Economics* 126 (February): 51-102.

Francesco Giavazzi and Marco Pagano. 1990. "Can Severe Fiscal Contractions Be Expansionary? Tales of Two Small European Countries." *NBER Macroeconomics Annual* 5: 75-111.

International Monetary Fund. 2010. "Will It Hurt? Macroeconomic Effects of Fiscal Consolidation." Chapter 3 of *World Economic Outlook: Recovery, Risk, and Rebalancing* (Washington, D.C.: International Monetary Fund): 93-124.

IV. THE EFFECTS OF FINANCIAL CRISES AND CREDIT CONTRACTION

October 5

Ben S. Bernanke. 1983. "Nonmonetary Effects of the Financial Crisis in the Propagation of the Great Depression." *American Economic Review* 73 (June): 257-276.

Carmen M. Reinhart and Kenneth S. Rogoff. 2009. "The Aftermath of Financial Crises." Chapter 14 of *This Time is Different* (Princeton: Princeton University Press): 223-239

David López-Salido and Edward Nelson. 2010. "Postwar Financial Crises and Economic Recoveries in the United States." Unpublished paper, Board of Governors of the Federal Reserve System, October.

Andrew J. Jalil. 2011. "A New History of Banking Panics in the United States, 1825-1929: Construction and Implications." Unpublished paper, Reed College, June.

October 12

Mark Gertler and Simon Gilchrist. 1994. "Monetary Policy, Business Cycles, and the Behavior of Small Manufacturing Firms." *Quarterly Journal of Economics* 109 (May): 309-340.

Joe Peek and Eric R. Rosengren. 2000. "Collateral Damage: Effects of the Japanese Bank Crisis on Real Activity in the United States." *American Economic Review* 90 (March): 30-45.

Charles W. Calomiris and R. Glenn Hubbard. 1995. "Internal Finance and Investment: Evidence from the Undistributed Profits Tax of 1936-37." *Journal of Business* 68 (October): 443-482.

Victoria Ivashina and David S. Scharfstein. 2010. "Bank Lending During the Financial Crisis of 2008." *Journal of Financial Economics* 97 (September): 319-338.

V. MONETARY POLICY AT THE ZERO NOMINAL BOUND

October 19

Paul R. Krugman. 1998. "It's Baaack: Japan's Slump and the Return of the Liquidity Trap." *Brookings Papers on Economic Activity* (Fall): 137-205.

Christina D. Romer. 1992. "What Ended the Great Depression?" *Journal of Economic History* 52 (December): 757-784.

Ben S. Bernanke. 2000. "Japanese Monetary Policy: A Case of Self-Induced Paralysis?" In Ryoichi Mikitani and Adam S. Posen, eds., *Japan's Financial Crisis and Its Parallels to U.S. Experience* (Washington, D.C.: Institute for International Economics): 149-166.

Gauti B. Eggertsson. 2008. "Great Expectations and the End of the Depression." *American Economic Review* 98 (September): 1476-1516.

October 26

Andreas Fuster and Paul S. Willen. 2010. "\$1.25 Trillion is Still Real Money: Some Facts about the Effects of the Federal Reserve's Mortgage Market Investments." Federal Reserve Bank of Boston Public Policy Discussion Papers, No. 10-14, November.

Arvind Krishnamurthy and Annette Vissing-Jorgensen. 2011. "The Effects of Quantitative Easing on Interest Rates." *Brookings Papers on Economic Activity* (Fall), forthcoming.

Eric T. Swanson. 2011. "Let's Twist Again: A High-Frequency Event-Study Analysis of Operation Twist and Its Implications for QE2." *Brookings Papers on Economic Activity* (Spring), forthcoming.

November 2 **Class Presentations**

November 9 **Class Presentations**

VI. DELEVERAGING AND BALANCE SHEET EFFECTS**November 16**

Richard C. Koo. 2009. "Japan's Recession." Chapter 1 of *The Holy Grail of Macroeconomics: Lessons from Japan's Great Recession* (Singapore: Wiley): 1-37.

Gauti B. Eggertsson and Paul Krugman. 2011. "Debt, Deleveraging, and the Liquidity Trap: A Fisher-Minsky-Koo Approach." Unpublished paper, Princeton University, February.

Martha L. Olney. 1999. "Avoiding Default: The Role of Credit in the Consumption Collapse of 1930." *Quarterly Journal of Economics* (February): 319-335.

Atif Mian and Amir Sufi. 2010. "The Consequences of Mortgage Credit Expansion: Evidence from the U.S. Mortgage Default Crisis." *IMF Economic Review* 58 (August): 74-117.

November 23 **No Class**

VII. THE DETERMINANTS OF MACROECONOMIC POLICY**November 30**

Jonathan D. Rose. 2010. "Hoover's Truce: Wage Rigidity in the Onset of the Great Depression." *Journal of Economic History* 70 (December): 843-870.

Chang-Tai Hsieh and Christina D. Romer. 2006. "Was the Federal Reserve Constrained by the Gold Standard During the Great Depression? Evidence from the 1932 Open Market Purchase Program." *Journal of Economic History* 66 (March): 140-176.

Harold L. Cole and Lee E. Ohanian. 2004. "New Deal Policies and the Persistence of the Great Depression: A General Equilibrium Analysis." *Journal of Political Economy* 112 (August): 779-816.

Gauti B. Eggertsson and Benjamin Pugsley. 2006. "The Mistake of 1937: A General Equilibrium Analysis." *Monetary and Economic Studies*, 24 (December): 1-52.

December 7

Richard Clarida, Jordi Galí, and Mark Gertler. 2000. "Monetary Policy Rules and Macroeconomic Stability: Evidence and Some Theory." *Quarterly Journal of Economics* 115 (February): 147-180.

Athanasios Orphanides. 2003. "The Quest for Prosperity without Inflation." *Journal of Monetary Economics* 50 (April): 633-665.

Christina D. Romer and David H. Romer. 2002. "The Evolution of Economic Understanding and Postwar Stabilization Policy." In *Rethinking Stabilization Policy* (Federal Reserve Bank of Kansas City): 11-78.

Dean Scrimgeour. 2008. "The Great Inflation Was Not Asymmetric: International Evidence." *Journal of Money, Credit and Banking* 40 (June): 799-815.

December 9 Paper Due