TITLE
"Procyclical News Shocks with Minimal Departure from a Neo-Classical Benchmark"

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ABSTRACT
This paper constructs model economies that are capable of producing positive comovement in consumption, labor hours, and investment, in response to positive news shocks about future technology. In contrast, the standard neo-classical model cannot. We show that a minimal departure from the neo-classical model - a strictly convex production frontier between consumption and investment, along with a high intertemporal consumption elasticity, is sufficient to support a technology news driven boom. The further addition of consumption durability and/or labor adjustment costs increase the size of the initial boom. We compare our two models with minimal deviations from the neo-classsical benchmark to exisiting research with more sophisticated deviations.