



## **Economics 442: Macroeconomic Policy** **Spring 2018 (3 units)**

Counts toward 50% graduate coursework requirement. Counts as Liberal Arts and Science credit in L&S. Advanced

MW 2:30PM - 3:45PM, SOC SCI 5231 Lecture

This class meets for two 75-minute class periods each week over the spring semester and carries the expectation that students will work on course learning activities (reading, writing, problem sets, studying, etc) for about 3 hours out of classroom for every class period.

Course website: [http://www.ssc.wisc.edu/~mchinn/web442\\_s18.html](http://www.ssc.wisc.edu/~mchinn/web442_s18.html)

### **INSTRUCTOR**

Professor Menzie Chinn  
M 12:45-2:15, W 1:45-2:15  
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### **OFFICIAL COURSE DESCRIPTION**

This course will address current issues in modern macroeconomic policymaking. Topics include: slow growth, fiscal and monetary policy,

Must have completed Econ 301 or 311, and Econ 302 or 312, and Econ 310

### **LEARNING OUTCOMES**

- Students will describe, predict, and analyze macroeconomic behavior.
- Students will evaluate evidence in the context of models to determine best macroeconomic policy.
- Students will examine theoretical and empirical literature and develop conclusions.

### **GRADING**

- 20% problem sets
- 50% midterm exams (x2),
- 30% term paper
- Final grade is based on curve of final aggregate scores
- Attendance and class participation are not part of the grading

## REQUIRED TEXTBOOK, SOFTWARE & OTHER COURSE MATERIALS

- Required: Blanchard, *Macroeconomics (7/e)*, Pearson
- Additional readings in schedule. Some readings to be assigned from <http://www.econbrowser.com> .

## EXAMS, QUIZZES, PAPERS & OTHER MAJOR GRADED WORK

- Midterm exams on 2/28, 4/4
- Exams are in-class, closed-book, no calculators, cumulative,
- No make-up exams; missed exam points will be apportioned to other components of the grade (with approved excuse).

## HOMEWORK & OTHER ASSIGNMENTS

- Problem sets can be done in groups.
- Problem sets are to be submitted in lecture.

## SCHEDULE AND READINGS

LEC.	DATES	B	READING	TOPICS
1	1/24			Introduction
2-5	1/29-2/7	3-6	CBO, ISLM, PCO, KS	IS-LM
6-8	2/12-19	7-9	ADAS	AD-AS
9-12	2/21-3/5	10-13	SS, FHSW, BFR	Slow growth
<b>11</b>	<b>2/28 (Wednesday)</b>			<b>Midterm 1</b>
13-14	3/7-3/12	22	Chinn	Fiscal policy debate
15-16	3/14-3/19			Monetary policy debate
17-20	3/21-4/9	17-20	Open	Open economy macro
<b>19</b>	<b>4/4 (Wednesday)</b>			<b>Midterm 2</b>
21-23	4/11-18	14-15	BBD	Policy uncertainty
24-26	4/23-30		BCS	Wages, prices
27	5/2			Forecasting

## Readings

- CBO, *Budget and Economic Outlook*, January 2018.
- ISLM: Notes on IS-LM
- PCO: Notes on Portfolio Crowding Out.
- KS: John Kitchen and Menzie Chinn, "Financing U.S. Debt: Is There Enough Money in the World – and at What Cost?" *International Finance* (2012).  
[http://www.ssc.wisc.edu/~mchinn/kitchen\\_chinn\\_IF2012.pdf](http://www.ssc.wisc.edu/~mchinn/kitchen_chinn_IF2012.pdf)
- ADAS: Notes on Aggregate Demand/Aggregate Supply
- SS: *Secular Stagnation: Facts, Causes, Cures*. <http://www.voxeu.org/content/secular-stagnation-facts-causes-and-cures>
- Chinn, "Fiscal Multipliers" *Palgrave Encyclopedia of Economics*  
<http://www.ssc.wisc.edu/~mchinn/Fiscal%20Multipliers.pdf>
- Open: Notes on Open Economy Macroeconomics
- BBD: Baker, Bloom and Davis, "Measuring Policy Uncertainty"  
[http://www.policyuncertainty.com/media/EPU\\_BBD\\_Mar2016.pdf](http://www.policyuncertainty.com/media/EPU_BBD_Mar2016.pdf)
- FHSW: Fernald, Hall, Stock, Watson, "The Disappointing Recovery in Output since 2009"  
[https://www.brookings.edu/wp-content/uploads/2017/03/1\\_fernaldetal.pdf](https://www.brookings.edu/wp-content/uploads/2017/03/1_fernaldetal.pdf) (link corrected 2/20)
- BFR: Byrne, Fernald, Reinsdorf, "Does Growing Mismeasurement Explain Disappointing Growth?"  
<https://www.frbsf.org/economic-research/files/el2017-04.pdf>
- BCS: Blanchard, Cerutti, and Summers, "Inflation and Activity"  
<http://www.ssc.wisc.edu/~mchinn/w21726>

## RULES, RIGHTS & RESPONSIBILITIES

<http://guide.wisc.edu/undergraduate/#rulesrightsandresponsibilitiestext>

## ACADEMIC INTEGRITY

By enrolling in this course, each student assumes the responsibilities of an active participant in UW-Madison's community of scholars in which everyone's academic work and behavior are held to the highest academic integrity standards. Academic misconduct compromises the integrity of the university. Cheating, fabrication, plagiarism, unauthorized collaboration, and helping others commit these acts are examples of academic misconduct, which can result in disciplinary action. This includes but is not limited to failure on the assignment/course, disciplinary probation, or suspension. Substantial or repeated cases of misconduct will be forwarded to the Office of Student Conduct & Community Standards for additional review. For more information, refer to [studentconduct.wiscweb.wisc.edu/academic-integrity/](http://studentconduct.wiscweb.wisc.edu/academic-integrity/).

## ACCOMMODATIONS FOR STUDENTS WITH DISABILITIES

**McBurney Disability Resource Center syllabus statement:** "The University of Wisconsin-Madison supports the right of all enrolled students to a full and equal educational opportunity. The Americans with Disabilities Act (ADA), Wisconsin State Statute (36.12), and UW-Madison policy (Faculty Document 1071) require that students with disabilities be reasonably accommodated in instruction and campus life. Reasonable accommodations for students with disabilities is a shared faculty and student responsibility. Students are expected to inform faculty [me] of their need for instructional accommodations by the end of the third week of the

semester, or as soon as possible after a disability has been incurred or recognized. Faculty [I], will work either directly with the student [you] or in coordination with the McBurney Center to identify and provide reasonable instructional accommodations. Disability information, including instructional accommodations as part of a student's educational record, is confidential and protected under FERPA." <http://mcburney.wisc.edu/facstaffother/faculty/syllabus.php>

## **DIVERSITY & INCLUSION**

**Institutional statement on diversity:** "Diversity is a source of strength, creativity, and innovation for UW-Madison. We value the contributions of each person and respect the profound ways their identity, culture, background, experience, status, abilities, and opinion enrich the university community. We commit ourselves to the pursuit of excellence in teaching, research, outreach, and diversity as inextricably linked goals.

The University of Wisconsin-Madison fulfills its public mission by creating a welcoming and inclusive community for people from every background – people who as students, faculty, and staff serve Wisconsin and the world." <https://diversity.wisc.edu/>

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