

Economics 702 (Section 1)

Macroeconomics

3 credit course (2 lectures per week):

This 3 CR course has two 75 min lectures per week. Students are expected to work approximately 6 hours outside class to complete assignments and learn the relevant material.

Professor: Noah Williams

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Office hours: 11:00-12:00 Tuesday, or by appointment.

TA:

Yingtong Xie, email: yingtong.xie@wisc.edu

Course Schedule:

All course documents and communication will be on the class web page:

<http://www.ssc.wisc.edu/~nwilliam/Econ702>

Course Learning Outcomes:

Upon completing this course students will be able to:

- Explain how the economy works at aggregate level and how total output, employment, prices, interest rates and exchange rates are determined.
- Describe the factors underlying economic growth, business cycles, inflation, and unemployment.
- Assess rigorously the effects of various government policies and outside shocks on these features of the economy.

The course makes extensive use of mathematics, mainly differential calculus. This allows both a deeper analysis of the microeconomic foundations of macroeconomic theory, and a more quantitative analysis of the models presented.

Textbook and Materials:

(W) Wickens, Michael. *Macroeconomic Theory*. 2nd Ed., 2011. Princeton Univ.Press.

We will also draw on some of the material in:

- Williamson, Stephen D. *Macroeconomics*. 6th Ed., 2018. Pearson.
- Romer, David. *Advanced Macroeconomics*. 5th Ed., 2019. McGraw-Hill.

There will occasionally be supplemental materials posted on the class web page.

Grading:

Problem Sets (20%): There will be approximately 5 problem sets for the semester. There will always be one week to complete problem sets. Students can work together but should do complete the problem sets individually. No late homework will be accepted. The lowest score will be dropped in calculating the grade.

Midterm Exams (40%, split equally): in class on February 26 and March 30.

Final Exam (40%): The final exam, date to be announced, will cover material from the entire semester.

Tentative Schedule: (subject to change, watch the website)

1/22	Labor supply: individual and aggregate (notes), Williamson Ch. 4
1/27	Labor demand and static general equilibrium (notes), Williamson Ch. 5
1/29	General equilibrium Williamson Ch. 5
2/3	General equilibrium and applications (notes)
2/5	Centralized model 1: setup and steady states W 2.1-2.4.5
2/10	Centralized model 2: dynamics W 2.4.6-2.6
2/12	Centralized model 2: dynamics W 2.4.6-2.6, growth accounting (notes)
2/17	Economic growth: Solow model W 3.1-3.3, Romer Ch. 1, convergence
2/19	Economic growth: convergence, optimal and endogenous growth W3.4-3.6
2/24	Economic growth: optimal and endogenous growth W3.4-3.6
2/26	MIDTERM EXAM # 1
3/2	Consumption and savings: W 4.1-4.5, Romer Ch. 8
3/4	Asset pricing: W 11.2-11.6, 12.2.2
3/9	Social security and Ricardian equivalence, W 5.1-5.3, Romer Ch. 12
3/11	Dynamic general equilibrium, Williamson Ch. 11, W4.6-4.9
3/16-18	SPRING BREAK
3/23	Real business cycle model, W2.5, 16.1-16.4, Romer Ch. 5
3/25	Real business cycle model, W2.5, 16.1-16.4, Romer Ch. 5
3/30	MIDTERM EXAM #2
4/1	Money W8.1-8.5, 8.12, Williamson Ch. 12
4/6	More on Money
4/8	Money and business cycles, Romer Ch 6.9
4/13	The traditional Keynesian model W 13.3.1, Romer Ch 6A
4/15	Liquidity traps, hyperinflations W 8.10-8.11, Romer Ch. 11.9
4/20	Monetary policy W 14.5-14.6, Romer Ch. 11
4/22	New Keynesian models W 14.1-14.4.1, Romer 7.1, 7.4, 7.8, notes
4/27	Unemployment: sequential search (notes), Williamson Ch. 6
4/29	Financial intermediation and the financial crisis, W15.1-15.3
	FINAL EXAM TBA

Misconduct Statement

Academic Integrity is critical to maintaining fair and knowledge based learning at UW Madison. Academic dishonesty is a serious violation: it undermines the bonds of trust and honesty between members of our academic community, degrades the value of your degree and defrauds those who may eventually depend upon your knowledge and integrity.

Examples of academic misconduct include, but are not limited to: cheating on an examination (copying from another student's paper, referring to materials on the exam other than those explicitly permitted, continuing to work on an exam after the time has expired, turning in an exam for regrading after making changes to the exam), copying the homework of someone else, submitting for credit work done by someone else, stealing examinations or course materials, tampering with the grade records or with another student's work, or knowingly and intentionally assisting another student in any of the above. Students are reminded that online sources, including anonymous or unattributed ones like Wikipedia, still need to be cited like any other source; and copying from any source without attribution is considered plagiarism.

The Department of Economics will deal with these offenses harshly following [UWS14 procedures](#):

1. The penalty for misconduct in most cases will be removal from the course and a failing grade,
2. The department will inform the Dean of Students as required and additional sanctions may be applied.
3. The department will keep an internal record of misconduct incidents. This information will be made available to teaching faculty writing recommendation letters and to admission offices of the School of Business and Engineering.

If you think you see incidents of misconduct, you should tell your instructor about them, in which case they will take appropriate action and protect your identity. You can also choose to contact our department administrator, Tammy Herbst-Koel (therbst@wisc.edu), and your identity will be kept confidential.

For more information, refer to <https://www.students.wisc.edu/doso/academic-integrity/>

Grievance Procedure

The Department of Economics has developed a grievance procedure through which you may register comments or complaints about a course, an instructor, or a teaching assistant. The Department continues to provide a course evaluation each semester in every class. If you wish to make anonymous complaints to an instructor or teaching assistant, the appropriate vehicle is the course evaluation. If you have a disagreement with an instructor or a teaching assistant, we strongly encourage you to try to resolve the dispute with him or her directly. The grievance procedure is designed for situations where neither of these channels is appropriate.

If you wish to file a grievance, you should go to room 7238 Social Science and request a Course Comment Sheet. When completing the comment sheet, you will need to provide a detailed statement that describes what aspects of the course you find unsatisfactory. You will need to sign the sheet and provide your student identification number, your address, and a phone where you can be reached. The Department plans to investigate comments fully and will respond in writing to complaints.

Your name, address, phone number, and student ID number will not be revealed to the instructor or teaching assistant involved and will be treated as confidential. The Department needs this information, because it may become necessary for a commenting student to have a meeting with the department chair or a nominee to gather additional information. A name and address are necessary for providing a written response.