



Economics 442: Macroeconomic Policy

Fall 2020 (3 units)

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

This class meets for the equivalent of two 75-minute class periods each week over the fall 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_f20.html and Canvas (for submission of assignments, BBCollaborate)

INSTRUCTOR

Professor Menzie Chinn
Office Hours **TuTh 2-3 (except 9/8, 4-5)**
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OFFICIAL COURSE DESCRIPTION

Addresses current issues in modern macroeconomic policymaking. Topics include: fiscal and monetary policy, financial and sovereign debt crisis, and financial regulation.

Level - Advanced

L&S Credit - Counts as Liberal Arts and Science credit in L&S

Grad 50% - Counts toward 50% graduate coursework requirement

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

- 30% problem sets

- 40% 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 (8/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 10/19, 11/18
- Exams are in-class, closed-book, no calculators, cumulative, and proctored – see below.
- No make-up exams; missed exam points will be apportioned to other components of the grade (with approved excuse).
- Term paper due 12/10.

Exam Proctoring Statement

Exams will be proctored remotely. Failure to use the proctoring service assigned will result in a zero on the exam.

Digital Exam Proctoring

Honorlock - How to Use

Honorlock is an online exam proctoring service. You DO NOT need to create an account, download software or schedule an appointment in advance. Honorlock is available 24/7, and all that is needed is a computer, a working webcam/microphone, your ID, and a stable internet connection.

To get started, you will need Google Chrome and download the [Honorlock Chrome Extension](#). When you are ready to complete your assessment, log into Canvas, go to your course, and click on your exam. Clicking "Launch Proctoring" will begin the Honorlock authentication process, where you will take a picture of yourself, show your ID, and complete a scan of your room.

Honorlock will be recording your exam session through your webcam, microphone, and recording your screen. Honorlock also has an integrity algorithm that can detect search-engine use, so please do not attempt to search for answers, even if it's on a secondary device.

[Honorlock support](#) is available 24/7/365. If you encounter any issues, you may contact them through live chat on the support page or within the exam itself. Some guides you should review are [Honorlock MSRs](#), [Student FAQ](#), [Honorlock Knowledge Base](#), and [How to Use Honorlock](#).

Honorlock- Digital Privacy statement

The privacy and security of faculty, staff and students' personal information is a top priority for UW-Madison. The university carefully reviews and vets all campus-supported teaching and learning tools, including proctoring tools and takes necessary steps to ensure that tool providers prioritize proper handling of sensitive data in alignment with FERPA, industry standards and best practices.

Under the Family Educational Rights and Privacy Act (FERPA – which protects the privacy of student education records), student consent is not required for the university to share with Honorlock those student education records necessary for carrying out the proctoring service. 34 CFR 99.31(a)(1)(i)(B). FERPA specifically allows universities to treat vendors as school officials and to share student education records with them where they perform services for the university and are subject to FERPA requirements governing the use and redisclosure of personally identifiable information from education records. Honorlock is FERPA compliant and is bound by the terms of its agreement with the university to comply with FERPA's restrictions on the use of student education records.

PRIVACY OF STUDENT RECORDS and the USAGE of AUDIO RECORDED LECTURES

See information about [privacy of student records and the usage of audio-recorded lectures](#).

Usage of Audio Recorded Lectures Statement

Lecture materials and recordings for [insert class name] are protected intellectual property at UW-Madison. Students in this course may use the materials and recordings for their personal use related to participation in this class. Students may also take notes solely for their personal use. If a lecture is not already recorded, you are not authorized to record my lectures without my permission unless you are considered by the university to be a qualified student with a disability requiring accommodation. [Regent Policy Document 4-1] Students may not copy or have lecture materials and recordings outside of class, including posting on internet sites or selling to commercial entities. Students are also prohibited from providing or selling their personal notes to anyone else or being paid for taking notes by any person or commercial firm without the instructor's express written permission. Unauthorized use of these copyrighted lecture materials and recordings constitutes copyright infringement and may be addressed under the university's policies, UWS Chapters 14 and 17, governing student academic and non-academic misconduct.

HOMEWORK & OTHER ASSIGNMENTS

- Problem sets can be done in groups.
- Problem sets are to be submitted via Canvas. Submit your *own* copy of the problem set.

SCHEDULE AND READINGS

LEC.	DATES	Blanchard	READING	TOPICS
1	9/2		Start	Introduction
2-5	9/9-21	3-6	CBO, ISLM, PCO, KC	IS-LM
6-8	9/23-30	7	ADAS	AD-AS
9-10	10/5-7		NBER, EWS	Recession def'n, tracking
11-12	10/12-14		BF	Covid-19 recession
13	10/19			Midterm 1
14-16	10/21-28	22	Chinn	Fiscal policy debate
17-18	11/2-4	23	Ku	Monetary policy debate
19-21	11/9-16	8-9	BCS, CGK	Phillips curve
22	11/18			Midterm 2
23-26	11/23-12/2	17-20	Open	Open economy
27-28	12/7-9		BBD	Policy uncertainty

Readings

- Start: "Starting over again: the Covid-19 pandemic," *Economist*, July 2020
https://www.ssc.wisc.edu/~mchinn/Economist_Starting%20over%20again.pdf
- CBO, *Budget and Economic Outlook*, July 2020 <https://www.cbo.gov/publication/56465>
- ISLM: Notes on IS-LM http://www.ssc.wisc.edu/~mchinn/e442_ISLM_f20.pdf
- PCO: Notes on Portfolio Crowding Out. http://www.ssc.wisc.edu/~mchinn/e442_PCO_f20.pdf
- KC: Kitchen and 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
- ADAS: Notes on Aggregate Demand/Aggregate Supply
http://www.ssc.wisc.edu/~mchinn/e442_ADAS_f20.pdf
- NBER: <https://www.nber.org/cycles/> and <https://www.nber.org/cycles/june2020.html>
- EWS http://www.ssc.wisc.edu/~mchinn/e442_EWS_f20.pdf
- BF: Blanchard, "The COVID Economic Crisis"
http://www.ssc.wisc.edu/~mchinn/Blanchard_chapter_on_covid.pdf Baqaee and Farhi, "Supply & Demand in Disaggregated Keynesian Economies"
http://www.ssc.wisc.edu/~mchinn/Baqaee_Farhi_DisagKeynes.pdf
- Chinn, "Fiscal Multipliers" *Palgrave Encyclopedia of Economics*
<http://www.ssc.wisc.edu/~mchinn/Fiscal%20Multipliers.pdf>
- Ku: Kuttner, "Outside the Box: Unconventional Monetary Policy in the Great Recession and Beyond," Brookings Institution <https://www.brookings.edu/wp-content/uploads/2018/10/WP47-Kuttner.pdf>
- Open: Notes on Open Economy Macroeconomics
http://www.ssc.wisc.edu/~mchinn/e442_open_f20.pdf
- BCS: Blanchard, Cerutti, and Summers, "Inflation and Activity"
<http://www.ssc.wisc.edu/~mchinn/w21726>
- CGK: Coibion, Gorodnichenko, and Kamdar. "The formation of expectations, inflation, and the phillips curve" *JEL*.
https://www.ssc.wisc.edu/~mchinn/Coibion_jel.20171300.pdf

- BBD: Baker, Bloom and Davis, "Measuring Economic Policy Uncertainty," *QJE*
http://www.ssc.wisc.edu/~mchinn/bakerbloomdavis_QJE2016.pdf

STUDENTS' RULES, RIGHTS & RESPONSIBILITIES

During the global COVID-10 pandemic, we must prioritize our collective health and safety to keep ourselves, our campus, and our community safe. As a university community, we must work together to prevent the spread of the virus and to promote the collective health and welfare of our campus and surrounding community.

UW-Madison Badger Pledge

Course Evaluations

Indicate how students can evaluate the course. For example:

Students will be provided with an opportunity to evaluate this course and your learning experience. Student participation is an integral component of this course, and your feedback is important to me. I strongly encourage you to participate in the course evaluation.

Digital Course Evaluation (AEFIS)

For instructors using the campus digital course evaluation survey tool, [AEFIS](#).

UW-Madison now uses an online course evaluation survey tool, [AEFIS](#). In most instances, you will receive an official email two weeks prior to the end of the semester when your course evaluation is available. You will receive a link to log into the course evaluation with your NetID where you can complete the evaluation and submit it, anonymously. Your participation is an integral component of this course, and your feedback is important to me. I strongly encourage you to participate in the course evaluation.

ACADEMIC CALENDAR & RELIGIOUS OBSERVANCES

- See: <https://secfac.wisc.edu/academic-calendar/#religious-observances>

ACADEMIC INTEGRITY STATEMENT

Instructors should discuss academic integrity with students early and often. For suggested ways to engage students in these discussions, see the College of Letters and Science [Remote Teaching Toolkit](#).

By virtue of enrollment, each student agrees to uphold the high academic standards of the University of Wisconsin-Madison; academic misconduct is behavior that negatively impacts the integrity of the institution. Cheating, fabrication, plagiarism, unauthorized collaboration, and helping others commit these previously listed acts are examples of misconduct which may result in disciplinary action. Examples of disciplinary action include, but is not limited to, failure on the assignment/course, written reprimand, disciplinary probation, suspension, or expulsion.

ACCOMMODATIONS FOR STUDENTS WITH DISABILITIES 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. (See: [McBurney Disability Resource Center](#))

DIVERSITY & INCLUSION STATEMENT

[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.

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