



Economics 442: Macroeconomic Policy **Spring 2025 (3 units)**

MoWe 4:00PM - 5:15PM Social Sciences 6203 [LECTURE]
F 11:00 AM - 11:50 AM B333 Van Vleck Hall [SECTION 301]
F 12:05 PM - 12:55 PM **B123 Van Vleck Hall** [SECTION 302]
F 1:20 PM - 2:10 PM B305 Van Vleck Hall [SECTION 303]

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: on Canvas <https://canvas.wisc.edu/courses/448896>

INSTRUCTOR

Professor Menzie Chinn
Office Hours: **12:30-2**, We 1:45-2:15 (subject to change)
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TEACHING ASSISTANT

Christopher Tice-Raskin
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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 (9/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 2/26, 4/9
- 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 5/3.

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 Econ 442 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.

HOMWORK & 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	1/22		CBO1	Introduction
2-5	1/27-2/10	3-6	ISLM, PCO	IS-LM
6-8	2/10-17	7	ADAS	AD-AS
9	2/19		McK, EEVW	Immigration/Deportation
10	2/24		NBER, EWS	Recession
11	2/26			Midterm 1
12-13	3/3-3/5		BF	Covid-19 recession
14-15	3/10-12	23	Ku	Monetary policy debate
16-18	3/17-3/31	8-9	BCS, CGK, BB	Phillips curve
19-22	4/2-14	17-20	Open	Open economy
21	4/9			Midterm 2
23	4/16		McK	Trade War
24	4/21	22	CBO2	Debt
25	4/23		CBO3	Climate
26	4/28		Bndr	Central bank independence
27	4/30			Review

Readings

- CBO1, CBO, *The Budget and Economic Outlook: 2025 to 2035* (2025). <https://www.cbo.gov/publication/60870>
- ISLM: Notes on IS-LM (on canvas)
- PCO: Notes on Portfolio Crowding Out (on canvas)
- ADAS: Notes on Aggregate Demand/Aggregate Supply (on canvas)
- McK: McKibben, et al., “The international economic implications of a second Trump presidency,” WP 20-24 (2024) <https://www.piie.com/publications/working-papers/2024/international-economic-implications-second-trump-presidency>
- EEVW: Edelberg et al., “Immigration and the macroeconomy in the second Trump administration” (2024) <https://www.hamiltonproject.org/publication/post/immigration-and-the-macroeconomy-second-trump-administration/>
- NBER: <https://www.nber.org/cycles/> and <https://www.nber.org/news/business-cycle-dating-committee-announcement-july-19-2021>
- EWS: Notes on Recession Early Warning Systems (on canvas)
- BF: Blanchard, “The COVID Economic Crisis” in textbook and http://www.ssc.wisc.edu/~mchinn/Blanchard_chapter_on_covid.pdf
- Ku: Kuttner, “Outside the Box: Unconventional Monetary Policy in the Great Recession and Beyond,” 2018 <https://www.brookings.edu/wp-content/uploads/2018/10/WP47-Kuttner.pdf>
- Open: Notes on Open Economy Macroeconomics (on canvas)
- BCS: Blanchard, Cerutti & Summers, “Inflation & 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
- BB: Bernanke, **Blanchard**, "An analysis of pandemic-era inflation in 11 economies," PIIE WP 24-11 <https://www.piie.com/sites/default/files/2024-05/wp24-11.pdf>
- CBO2, "Revisiting the Relationship Between Debt and Long-Term Interest Rates," *WP* 2024-05 <https://www.cbo.gov/publication/60314>
- Stock: Stock, "Climate Change, Climate Policy, and Economic Growth," *NBER Macroeconomics Annual*. 2020 <https://scholar.harvard.edu/stock/publications/climate-change-climate-policy-and-economic-growth>
- CBO3: CBO, *The Risks of Climate Change to the United States in the 21st Century* (2024), Chapters 2-3. <https://www.cbo.gov/publication/61146>
- Bndr: Binder, Political Pressures on Central Banks, *JMCB* 2021 https://www.ssc.wisc.edu/~mchinn/Binder_JMCB2021.pdf

STUDENTS' RULES, RIGHTS & RESPONSIBILITIES

During the global COVID-19 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.

E442syllabus_s25 15.1.2025 rev 25.1.2025