1 General Information

Course Description & Prerequisites: ECN 6201-090. The course is an introduction to graduate level macroeconomics. We will study important topics including long-run economic growth, short-run fluctuations in output and employment (business cycles), and issues in macroeconomic policy (fiscal and monetary).

It is impossible to cover all important macroeconomic topics in one semester so, naturally, the course is selective. However, while the set of economic topics explicitly covered is selective, we will utilize a general conceptual framework, which is the core of virtually all modern macroeconomic models irrespective of the particular topic at hand. This general framework is based on explicit dynamic equilibrium models in which the relevant economic agents (such as households or firms) solve dynamic optimization problems. The methods we will study have mainly been developed over the past 30 years and reflect the work for which economists like Robert Solow (1987), Robert Lucas (1994), Edward Prescott (2004), or Thomas Sargent (2011) have received Nobel prizes.

The prerequisites for the course are admission to the graduate program as well as a sound understanding of multivariate calculus and basic statistics. We will extensively use constrained optimization techniques as well as basic statistical concepts such as expectations, variances, and covariances. I will make supplementary (optional) readings to review these materials available during the first week of class.

Course Objectives: There are three fundamental goals we will set for ourselves:

1. The most basic objective of this course is to trace through some seminal advances in macroeconomic theory over the past 30 years.

2. Another central objective is to introduce the details of fundamental (often technical) methods to analyze macroeconomic problems at the intellectual level employed in scientific journal articles (as opposed to newspaper articles and undergraduate textbooks). To quote Robert Lucas, Jr. (Nobel Laureate, 1994): “Macroeconomics receives a great deal of attention in the newspapers, but this is not the level at which progress is made or continuity is to be discovered.” For practical purposes, this means we will often need to “roll up our sleeves” and grind through sometimes tedious math in order to reach seemingly simple and intuitive conclusions.

3. Finally, an absolutely necessary condition to be a successful economist (not just a successful macroeconomist) is effective communication skills, both written and spoken. It is never too early to begin (or continue) developing such skills. I will insist that all assignments/projects...
be written as if they were small “papers,” in complete English sentences, supplemented by derivations, with a clear motivation of the problem and the employed methods, as well as presentation and discussion of results, etc. The required in-class presentation and associated short paper also foster this objective.

Textbook & Course Material: The required class textbook is the fourth edition of “Advanced Macroeconomics” by David Romer. All other class material, such as required and supplementary readings, assignments, answer keys, handouts, etc., will be made available on the class Moodle page (https://moodle.uncc.edu/course/view.php?id=85336) as we go along.

2 Course Evaluation

Your overall grade for this course will be based on 3 components (plus one opportunity for bonus credit), described in detail below. The different components are weighted in the following way:

<table>
<thead>
<tr>
<th>Component</th>
<th>Weight</th>
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<tbody>
<tr>
<td>Homework Assignments</td>
<td>10%</td>
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<tr>
<td>5 assignments worth 2% each</td>
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<tr>
<td>Exams</td>
<td>75%</td>
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<tr>
<td>25% Midterm 1, September 26</td>
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<tr>
<td>25% Midterm 2, November 7</td>
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<tr>
<td>25% Final, December 12, 8 – 10:30 pm (cumulative)</td>
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<tr>
<td>Presentation &amp; Paper</td>
<td>15%</td>
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<tr>
<td>7.5% Presentation, November 28</td>
<td></td>
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<tr>
<td>7.5% Paper, due December 5 (final class)</td>
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<tr>
<td>Seminar Attendance (Bonus Credit)</td>
<td>2 pp</td>
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Homework: There will be 5 homework assignments. Please attempt the assignments in groups of 4 and hand in one copy of your answers per group. It is your responsibility to form the groups. You do not necessarily need to hand in every assignment within the same group (you may re-shuffle the groups as you like). However, make sure that all group members’ names are written clearly and legibly on the first page of every assignment. All assignments will be due in class. No late assignments will be accepted. If you don’t hand in the homework during or any time before class on the due date, the entire group will receive zero credit. Both handwritten or typed assignments are ok.

Exams: There will be no makeup exams! If you miss an exam you will receive zero credit on that exam. I may consider re-weighting your scores for the course grade only in case of a documented emergency (e.g. illness, family emergency, etc.). Check your calendar and make sure that you don’t have any time conflict with the scheduled exam times. The final exam will be cumulative while the two midterm exams will not.

Presentation & Paper: 15% of your course grade will be based on an in-class presentation and an associated short paper. You will work on these in groups of 4 and you will hand in one typed
Paper per group. It is your responsibility to form the groups. The paper consists of a 1-2 page written discussion of a journal article related to the class. (I expect quality not quantity! 2 pages is the absolute maximum!) I will make available a list of academic journal articles from which you can choose early on in the semester. The articles will be assigned on a “first come first served” basis. Look at the articles (and read their abstracts), and once you have picked out your favorite paper, please send one email that contains the following pieces of information: Names of all group members and the paper you selected. If the paper has not been claimed by another group, I will then officially assign it to your group and take it off the list of available papers to pick from.

On November 28 (tentatively) one member of each group will give a short (10 minute) in-class presentation of the article. It is up to the group to decide who will perform the presentation. I will assign the order in which the papers will be presented to ensure the “flow of topics”. Your paper is due on December 5 (final class) and you may therefore incorporate some of the feedback you get during your presentation in the paper.

A good paper should at least consist of 4 sections/paragraphs devoted to the following subjects:

1. Motivation: What are the authors trying to accomplish with this paper? What is their research question? Why is this question important?

2. Methods: How do the authors tackle their question? Do they write down a model to make theoretic predictions? Do they analyze data? If so, what data are they using? How are they analyzing the data?

3. Findings: What are the authors’ findings?

4. Discussion: What do you think about their paper? In your opinion, does the paper resolve the question? Should we care? Do you have any concerns with their methods/data/conclusions?

Similarly, a good presentation should consist of at least 4 slides corresponding to these four sections/paragraphs in your paper. Finally, make sure you pay close attention to your peers’ presentations as you will be responsible for the content of these on the final exam.

Seminar (Bonus Credit): On Friday, August 31, Prof. Cosmin Ilut from Duke University will visit UNCC for a seminar talk at 10am. Prof. Ilut conducts cutting edge research in macro, international, and financial economics and his seminar talk will be a great opportunity for you to see what top notch economists are working on these days. Every student who attends Prof. Ilut’s seminar (you need to sign in with me in person) will receive 2 grade percentage points as a bonus. These 2 percentage points will be added to your overall numerical class score (out of 100).

3 General Rules

Attendance: Classroom attendance is strongly recommended. We will be covering a substantial amount of material in this course, and you will probably find that the easiest way to keep up (and find out what I think is important) will be to attend class. I expect you to be in class on time and stay for the duration. If you do not plan to attend the entire lecture, please see me in advance or refrain from coming to class.
Communication: Communication with those outside of class while class is in progress is not acceptable. (In other words, turn off all communication devices prior to the start of class.) Students are expected to check their UNC Charlotte e-mail (username@uncc.edu) as well as the class Moodle webpage accounts weekly for correspondence regarding the course.

Academic Integrity: Please note that academic misconduct (cheating) will NOT be tolerated. In addition, students have the responsibility to know and observe the requirements of The UNC Charlotte Code of Student Academic Integrity. This code forbids cheating, fabrication or falsification of information, multiple submissions of academic work, plagiarism, abuse of academic materials, and complicity in academic dishonesty. Academic evaluations in this course include a judgment that the student’s work is free from academic dishonesty of any type; and grades in this course therefore should be and will be adversely affected by academic dishonesty. Students who violate the code can be expelled from UNC Charlotte. The normal penalty for a first offense is zero credit on the work involving dishonesty and further substantial reduction of the course grade. In almost all cases, the course grade is reduced to U. Copies of the code can be obtained from the Dean of Students Office. Standards of academic integrity will be enforced in this course. Students are expected to report cases of academic dishonesty to the course instructor.

Statement on Diversity: The Belk College of Business strives to create an inclusive academic climate in which the dignity of all individuals is respected and maintained. Therefore, we celebrate diversity that includes, but is not limited to ability/disability, age, culture, ethnicity, gender, language, race, religion, sexual orientation, and socio-economic status.

4 Tentative Course Schedule

Below is a tentative schedule of the topics I plan to cover. However, there is no guarantee that we follow this schedule precisely. We may deviate from this schedule as the course progresses depending on time and student interest. It is your responsibility to keep up with adjustments made throughout the course.

For each topic I list the corresponding chapter in David Romer’s textbook. However, I will not teach each topic exactly as treated in David Romer’s text. Hence, while I highly recommend you read the chapters listed below, the material I teach will be based on a combination of the textbook chapters as well as journal articles and/or other sources. All of these additional resources will be made available in Moodle as we go along. Each week I will announce the required readings for the following week and I will teach the material under the assumption that you have read the assigned readings ahead of time.
Weeks 1-2: Introduction and Economic Growth

- Romer, Ch. 1
- Additional readings will be posted in Moodle

Weeks 3-4: Consumption and Dynamic Programming

- Romer, Ch. 8
- Additional readings will be posted in Moodle

Weeks 5-6: Economic Growth with Endogenous Consumption

- Romer, Ch. 2
- Additional readings will be posted in Moodle

Week 6: September 26, Midterm Exam 1

Weeks 7-8: Real Business Cycles

- Romer, Ch. 5
- Additional readings will be posted in Moodle

Weeks 9-12: Nominal Rigidities and the New Keynesian Model

- Romer, Ch. 6-7
- Additional readings will be posted in Moodle

Week 12: November 7, Midterm Exam 2

Weeks 13-14: Macroeconomic Policy Analysis

- Romer, Ch. 11-12
- Additional readings will be posted in Moodle

Week 15: Student Presentations

- List of papers for presentations will be posted in Moodle

Weeks 16: The Big Picture and the Road Ahead

- Readings will be posted in Moodle

Week 17: December 12, Final Exam, 8 – 10:30pm