

USC Dornsife

Dana and David Dornsife
College of Letters, Arts and Sciences

ECON 501: MACROECONOMICS ANALYSIS AND POLICY

INSTRUCTOR: Jaime Meza-Cordero, Ph.D.

EMAIL: Jaime.Meza@usc.edu

OFFICE: KAP 116E

OFFICE HOURS: Mondays and Wednesdays: 12:00noon – 2:00pm
Outlook appointments are requested to book time slots.

TEACHING ASSISTANT: TBD

EMAIL:

OFFICE HOURS:

SECTIONS:

CLASSROOM:

CLASS DAYS AND TIMES:

CLASSROOM POLICY: Smartphones must be on silent and placed away during class. Laptops may be used only to take notes or to refer to course materials. Every student is expected to pay attention during class and can be asked to participate at any time.

Students are expected to comply with all aspects of USC's COVID-19 policy, including mask mandates. Failure to do so may result in removal from the class and referral to Student Judicial Affairs and Community Standards.

RECOMMENDED TEXTBOOKS AND PAPERS:

- Romer, D., (2019). Advanced Macroeconomics, 5th edition. McGraw - Hill. ISBN-13: 978-1260185218
- Barro, R. & Sala-i-Martin, X. (2003). Economic Growth, 2nd edition. MIT Press. ISBN: 0262025531
- Mankiw, N.G.; Romer, D. and Weil, D.(1992). "A contribution to the empirics of economic growth." Quarterly Journal of Economics 107, pp. 401-437
- Finn E. Kydland & Edward C. Prescott, 1990. "Business cycles: real facts and a monetary myth," Quarterly Review, Federal Reserve Bank of Minneapolis, vol. 14(Spring), pages 3-18.

COURSE OVERVIEW: Macroeconomics studies the nature and causes of economic fluctuations and is applied in individual and industry everyday decisions, government policy, and academic research. The overarching goal of this course is to learn from advanced macroeconomic theory as well as from practical macroeconomic policy applications to current global events. The course will focus on workhorse growth models, business cycles theory, unemployment and inflation topics, and monetary and fiscal policy applications.

The first part of the course will consist of models of economic growth. We will first cover the Solow-Swan model, which is the reference point for analysis of growth and assumes that the technology is fixed and savings rate is exogenous. We will then cover growth models where the households optimize their utility and in doing so determine the savings rate for the economy. The final growth models will explore the possibility of research and development increasing the technology. The second part of the course will cover short-run fluctuations, also known as business cycle theory. We will discuss how externalities, market imperfections, and rigid prices, among others lead the economy to ups and downs in production and employment. The third and final part of the course will look at key macroeconomic issues such as unemployment, inflation, recessions, monetary, and fiscal policy. As these topics are covered, we will discuss case studies and develop student presentations to learn about current events, policies being implemented, and their outcomes.

My main goal delivering this course is to share with you valuable and useful information in a way that is dynamic, entertaining, and motivating. I have structured the course in a way that you familiarize with the most relevant models, learn about macroeconomic policy design and implementation, and develop individual and team research skills. Macroeconomics is an exciting subject that will be very useful for solving the most important issues facing the world today. It also serves as great background for a variety of careers in the social sciences and business. I encourage you to attend and participate in class as we all learn together and build strong collaborative skills. I also suggest that you take advantage of the office hours to answer any remaining questions and to discuss further any topics of your interest.

PARTICIPATION AND COMMUNICATION: You are expected and strongly encouraged to attend all scheduled classes, to engage in asking questions, and to participate in discussions. It is recommended to read beforehand the chapters that are going to be covered each week. If you do not attend a class, it is your responsibility to make arrangements to ensure you catch up on the material covered and on any other information provided. Lectures, announcements, problem sets, and additional resources will be posted on Blackboard. Blackboard will also be used for official submissions.

Email is the best way to contact me for any material clarification questions or administrative requests. If any material is unclear, please schedule an office hour time slot with me by sending me an Outlook calendar meeting invite.

PROBLEM SETS: Four problem sets will be assigned as homework. The problem sets will be distributed one week in advance of the due date, during class. You may discuss problem sets with your classmates, but you must solve, write up, and submit solutions entirely on your own. Please upload your solved problem set at the start of class on the date indicated. Each problem set will account for 5 percent of your final grade. Blackboard will have the due day and time as a deadline. Do not wait until the last minute to upload. Late submissions will be automatically rejected by the submission portal and will receive a score of zero.

RESEARCH ASSIGNMENT: Teams of two or three members will be required to submit a research assignment (5-10 pages main text + appendices) and deliver a 40-minute presentation about a current topic of debate in macroeconomics. The team members and the research assignment topic should be pre-approved by me via email within the first month of class. An annotated outline must be submitted by February 16th and is worth 5% of the final grade. A research paper draft is due on March 28th and together with the presentation is worth 10% of the final grade. Presentations must be scheduled with the professor and will take place between March 30th and April 20th. Groups that choose to present first will have more time to incorporate feedback from the presentation into the final version of the paper. The final version of the research paper is due on April 27th and is worth 10% of the final grade. The research assignment will in total account for 25 percent of your final grade. Late submissions will not be scored and there will be no make up for the assignments or presentation.

Suggested topics include: USA Economic Stimulus Plan Outcomes, FED Intervention during the COVID Recession, Hyperinflation in Venezuela, Challenges of European Union Members: The Cases of Greece, Spain, etc., Dollarization and *Bitconization* in El Salvador, The Currency Board in Argentina and Macroeconomic Fluctuations, Pros and Cons of the Gold Standard in Relation to Inflation, Exchange rate Volatility, Unemployment Measurement and Data Collection Challenges in Less Developed Countries, and The Role of Institutions on Growth.

Credible Data Sources:

- U.S.: The FRED database at the St. Louis FED <http://research.stlouisfed.org/fred2>
 - EU: Eurostat: <http://ec.europa.eu/eurostat/data/database>
 - Euroarea: www.eabcn.org
 - OECD: <http://stats.oecd.org>
 - International Monetary Fund <http://data.imf.org>
 - World Bank World Development Indicators: <http://data.worldbank.org/>
 - Penn World Tables at the Center for International Comparisons at the University of Pennsylvania <http://pwt.econ.upenn.edu>
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MIDTERM AND FINAL EXAMINATIONS: There is one midterm examination and one final exam. The midterm will account for 25 percent of your final grade and the final will account for 30 percent. All exams are open book, and collaboration is not allowed. All responses must be answered independently and within the time limit indicated. All exams will be distributed and collected during the class period. Students with extra time accommodations approved by the DSP office will be allowed to submit for the time allowed after the deadline.

Make-up exams will only be held if you have a valid and approved proof for missing an examination (characterized by severe and unforeseen hardship, and substantiated with documentation, as required by the University). Importantly, if you miss an examination without a valid and approved reason, you will receive a score of zero for that examination.

ACADEMIC INTEGRITY: Cheating on your assignments or exams (for example, copying someone else's work) will result in a score of zero. Violations will also be reported to the University Authorities and sanctions will be enforced in accordance Section 11 of the USC Student Handbook.

GRADING: Your plus/minus letter grades will be assigned using a cumulative score based on six problem sets (homework assignments), two midterm exams, and a final exam, weighted as follows:

Problem sets: 20% (5% each)
Midterm exam: 25%
Research assignment: 25%
Final exam: 30%

Final grades will be assigned based on the following scale:

A	95-100
A-	90-94
B+	87-89
B	83-86
B-	80-82
C+	77-79
C	73-76
C-	70-72
D+	67-69
D	63-66
D-	60-62
F	59 and below

STATEMENT ON ACADEMIC CONDUCT AND SUPPORT SYSTEMS

Academic Conduct:

Plagiarism – presenting someone else’s ideas as your own, either verbatim or recast in your own words – is a serious academic offense with serious consequences. Please familiarize yourself with the discussion of plagiarism in SCampus in Part B, Section 11, “Behavior Violating University Standards” policy.usc.edu/scampus-part-b. Other forms of academic dishonesty are equally unacceptable. See additional information in SCampus and university policies on scientific misconduct, policy.usc.edu/scientific-misconduct.

Support Systems:

Student Health Counseling Services - (213) 740-7711 – 24/7 on call
engemannshc.usc.edu/counseling

Free and confidential mental health treatment for students, including short-term psychotherapy, group counseling, stress fitness workshops, and crisis intervention.

National Suicide Prevention Lifeline - 1 (800) 273-8255 – 24/7 on call
suicidepreventionlifeline.org

Free and confidential emotional support to people in suicidal crisis or emotional distress 24 hours a day, 7 days a week.

Relationship and Sexual Violence Prevention Services (RSVP) - (213) 740-4900 – 24/7 on call
engemannshc.usc.edu/rsvp

Free and confidential therapy services, workshops, and training for situations related to gender-based harm.

Office of Equity and Diversity (OED) | Title IX - (213) 740-5086
equity.usc.edu, titleix.usc.edu

Information about how to get help or help a survivor of harassment or discrimination, rights of protected classes, reporting options, and additional resources for students, faculty, staff, visitors, and applicants. The university prohibits discrimination or harassment based on the following protected characteristics: race, color, national origin, ancestry, religion, sex, gender, gender identity, gender expression, sexual orientation, age, physical disability, medical condition, mental disability, marital status, pregnancy, veteran status, genetic information, and any other characteristic which may be specified in applicable laws and governmental regulations. The University does not tolerate any form of discrimination, sexual misconduct, and harassment. Any incident should be reported to the Office of Equity and Diversity or to the Department of Public Safety. Another member of the USC community (friend, classmate, advisor, faculty) can help initiate a report. The office of Relationship and Sexual Violence Prevention Services provides “immediate therapy services for situations related to gender and power-based harm (sexual assault, domestic violence, stalking).”

Bias Assessment Response and Support - (213) 740-2421

studentaffairs.usc.edu/bias-assessment-response-support

Avenue to report incidents of bias, hate crimes, and microaggressions for appropriate investigation and response.

The Office of Disability Services and Programs - (213) 740-0776

dsp.usc.edu

Support and accommodations for students with disabilities. Services include assistance in providing readers/notetakers/interpreters, special accommodations for test taking needs, assistance with architectural barriers, assistive technology, and support for individual needs. Students requesting academic accommodations based on disability need to register with DSP early in the semester and deliver a letter of verification to the professor at least one week before the first midterm exam.

USC Support and Advocacy - (213) 821-4710

studentaffairs.usc.edu/ssa

Assists students and families in resolving complex personal, financial, and academic issues adversely affecting their success as a student.

Diversity at USC - (213) 740-2101

diversity.usc.edu

Information on events, programs and training, the Provost’s Diversity and Inclusion Council, Diversity Liaisons for each academic school, chronology, participation, and various resources for students.

USC Emergency - UPC: (213) 740-4321, HSC: (323) 442-1000 – 24/7 on call

dps.usc.edu, emergency.usc.edu

Emergency assistance and avenue to report a crime. Latest updates regarding safety, including ways in which instruction will be continued if an officially declared emergency makes travel to campus infeasible.

USC Department of Public Safety - UPC: (213) 740-6000, HSC: (323) 442-120 – 24/7 on call

dps.usc.edu

Non-emergency assistance or information.

COURSE OUTLINE:

(THE COURSE OUTLINE IS SUBJECT TO CHANGE CONTINGENT ON THE PROGRESS MADE DURING THE LECTURES. PLEASE REFER TO THE LATEST UPDATE OF THE SYLLABUS ON BLACKBOARD.)

DATE	CONTENT	BOOK CHAPTER / LITERATURE
	Class Overview and Intro to Growth	
	Determinants of Growth: Solow Model I	Romer 1
	<i>MLK Day – No Class</i>	
	Determinants of Growth: Solow Model II	Romer 1
	Determinants of Growth: Solow Model III	Mankiw et al. (1992) <i>PS1 Posted</i>
	Micro-Modelled Growth: Ramsey Model	Romer 2
	Micro-Modelled Growth: Ramsey Model	Romer 2 <i>PS1 Due</i>
	Micro-Modelled Growth: Ramsey Model	Romer 2 <i>PS2 Posted</i>
	Micro-Modelled Growth: OLG Model	Romer 2
	Endogenous Growth Models: AK Model	Romer 3 <i>PS2 Due</i>
	Endogenous Growth Models: L&D Model	Romer 3
	Real Business Cycle Models I	Romer 5, <i>Research Outline Due</i>
	<i>President's Day – No Class</i>	
	Real Business Cycle Models II	Romer 5, Kydland et.al (1990)
	Applied Research Methods	
	Midterm Preparation	
	Midterm Exam	
	Midterm Review	
	<i>Spring Break – No Class</i>	
	<i>Spring Break – No Class</i>	
	Consumption	Romer 8
	Investment	Romer 9
	Unemployment and Data Collection	Romer 11
	Case Study: Fiscal Crisis	Romer 10
	Case Study: Great Recession + Groups 1 & 2	<i>Research Paper Draft Due & PS3 Posted</i>
	Monetary Policy + Groups 3 & 4	
	Inflation + Groups 5 & 6	Romer 12 <i>PS3 Due</i>

Case Study: Euro Fiscal Crisis + Groups 7 & 8	<i>Romer 12</i>
Fiscal Policy + Groups 9 & 10	<i>Romer 13 PS4 Posted</i>
Case Study: Exchange Crisis + Groups 11 & 12	
Future Macroeconomic Outlook + Groups 13	<i>PS4 Due</i>
Final Exam Preparation	<i>Revised Research Paper Due</i>
Final Exam	
