

USC Dornsife

Dana and David Dornsife
College of Letters, Arts and Sciences

ECON 501: MACROECONOMICS ANALYSIS AND POLICY

SECTION: 26178D

CLASSROOM: ZHS352

CLASS DAYS AND TIMES: Tuesdays & Thursdays: 2:00pm – 3:20pm

INSTRUCTOR: Jaime Meza-Cordero, Ph.D.

EMAIL: Jaime.Meza@usc.edu

OFFICE: KAP 116E

OFFICE HOURS: Tuesdays: 10:00am - 12:00noon.

Outlook appointments via email are required to book 20-minute time slots.

TEACHING ASSISTANT: TBD

EMAIL:

OFFICE HOURS:

CLASSROOM POLICY: Smartphones must be on silent mode and placed away during class. Laptops and tablets 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.

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 everyday individual and industry 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 the analysis of growth and assumes that the technology is fixed and the 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, and 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 in delivering this course is to share valuable and useful information with you in a way that is dynamic, entertaining, and motivating. I have structured the course in a way that you familiarize yourself 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 a 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 interest to you.

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 the chapters that are going to be covered each week beforehand. 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 email with an Outlook calendar meeting invite.

PROBLEM SETS: Four problem sets will be assigned as homework. The problem sets will be uploaded one week in advance of the due date. You may discuss problem sets with your classmates, but you must solve, write up, and submit solutions entirely on your own. You need to upload your solved problem before the deadline listed on Blackboard. Do not wait until the last hour to upload. The answer key is posted automatically after the deadline.

Late submissions will be automatically rejected by the submission portal and will receive a score of zero. To request a problem set to be waived due to an unforeseen medical illness or emergency, you must submit to the professor and TA a valid notice with your name on it and from a third party within a week of the deadline. No self-reported medical notices or self-taken tests will be accepted as valid proof.

RESEARCH ASSIGNMENT: Teams of 5 members will be required to submit a research assignment (5-10 pages main text + appendices) and deliver a 30-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 is worth 5% of the final grade. A research paper and presentation are worth 20% of the final grade. Presentations must be scheduled with the professor and will take place during the last month of class. Groups that choose to present first will have more time to incorporate feedback from the presentation into the final version of the paper. The research assignment will, in total, account for 25 % of your final grade. Late submissions will not be scored, and there will be no make-up for the report or presentation.

Suggested topics include US fiscal Policy Outcomes, US FED Policy Outcomes, Hyperinflation in Venezuela, Challenges of European Union Members, Global Inflation, Exchange Rate Volatility, Unemployment and Growth, Decreasing Output while Decreasing Unemployment in the US, and The Role of Institutions on Growth, Trade Wars, and Dollarization.

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>

MIDTERM AND FINAL EXAMINATIONS: There is a midterm examination (25% of the final grade) and one cumulative final exam (30% of the final grade). All responses must be answered independently and within the time limit indicated. Students with valid and approved proof for missing the midterm exam can request the final exam to be reweighted (55% of the final grade). Students with a valid reason for missing the final exam can request an *Incomplete* at the Department of Economics.

Missing the midterm exam without valid and approved proof of missing an examination will receive a score of zero. A valid proof must provide evidence of a medical illness or emergency (characterized by severe and unforeseen hardship and substantiated with documentation, as required by the University). The documentation must come from a third party and must have your name on it. No self-reported medical notices or self-taken tests will be accepted as valid proof for missing the midterm exam.

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 with Section 11 of the USC Student Handbook.

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

Problem sets: 20% (5% each)
Midterm exams: 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, seven 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
Tuesday January 9 th	Class Overview and Intro to Growth	<i>Syllabus</i>
Thursday January 11 th	Determinants of Growth: Solow Model I	<i>Romer 1</i>
Tuesday January 16 th	Determinants of Growth: Solow Model II	<i>Romer 1 P.S.#1 Posted</i>
Thursday January 17 th	Determinants of Growth: Solow Model III	<i>Mankiw et al.</i>
Tuesday January 23 th	Micro-Modelled Growth: Ramsey Model I	<i>Romer 2 P.S.#1 Due</i>
Thursday January 25 th	Micro-Modelled Growth: Ramsey Model II	<i>Romer 2</i>
Tuesday January 30 th	Micro-Modelled Growth: Ramsey Model III	<i>Romer 2 P.S.#2 Posted</i>
Thursday February 1 st	Micro-Modelled Growth: OLG Model	<i>Romer 2</i>
Tuesday February 6 th	Endogenous Growth Models: AK and Human Capital Models	<i>Romer 3 P.S.#2 Due</i>
Thursday February 8 th	Endogenous Growth Models: L&D & Public Goods Models	<i>Romer 3 Research Topic Approval</i>
Tuesday February 13 th	Research Methods	<i>P.S.#3 Posted</i>
Thursday February 15 th	Real Business Cycle Models	<i>Romer 5, Kydland et.al</i>
Tuesday February 20 th	Midterm Preparation	<i>P.S.#3 Due</i>
Thursday February 22nd	Midterm 1 Exam	
Tuesday February 27 th	Midterm Review	
Thursday February 29 th	Consumption	<i>Romer 8 Research Outline</i>
Tuesday March 5 th	Investment	<i>Romer 9</i>
Thursday March 7 th	Unemployment and Data Collection	<i>Romer 11</i>
Tuesday March 12th	Spring Break – No Class	
Thursday March 14th	Spring Break – No Class	
Tuesday March 19 th	Case Study: Fiscal Crisis	<i>Romer 13 P.S.#4 Posted</i>
Thursday March 21 st	Monetary Policy & Inflation	<i>Romer 12</i>
Tuesday March 26 th	Case Study: Financial Crisis	<i>Romer 10 P.S.#4 Due</i>
Thursday March 21 st	Guest Lecture – Financial Markets	
Tuesday April 2 nd	Presentations Preparation	

Thursday April 4 th	Presentations Groups 1 & 2	
Tuesday April 9 th	Presentations Groups 3 & 4	
Thursday April 11 th	Presentations Groups 5 & 6	
Tuesday April 16 th	Presentations Groups 7 & 8	
Thursday April 18 th	Presentations Groups 9 & 10	
Tuesday April 23 rd	Macroeconomic Outlook	<i>Research Paper Due</i>
Thursday April 25 th	Final Exam Preparation	
May 2nd 2:00-4:00pm	Final Exam	
