Business 33403: Advanced Macroeconomics  
Spring 2021 Syllabus and Course Requirements  
(Revised March 19, 2021)

Professor Anil Kashyap

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Office Hours: Tuesdays 3:30 pm to 5 pm. (I find that most of you prefer to meet on short notice so I will plan to see most of you through appointments and we can arrange to do a zoom conversations at other times.) Email is the best way to reach me to schedule a meeting (or ask a question). In an emergency, contact my assistant, Mary Lagdameo. She can almost always find me.

The TA for the class is Zhiyu Fu, his email is zhiyufu@uchicago.edu.

Course Prerequisites:

Business 33040 the basic macroeconomics class (or an equivalent undergraduate class) and 40000 the basic business statistics class (or an equivalent). Students will be expected to be able to estimate and interpret a multiple regression.

Required Reading:

The relevant reading assignments will be made available through the Canvas site for the class.

Students are expected to look over the Wall Street Journal every day. (If you read the Financial Times instead that is fine too, although I will focus on the Journal.) I will also send out occasional email messages to the class mentioning specific articles to review before class.

Honor Code:

You are expected to do all of your own work in this class. For the case assignments only, you can discuss your answers with a group of no more than three other students. However, prior to joining forces you are each expected to attempt to come up with your own answers. If you do meet with others, you should note their names on your case write up when you hand it in. This means everyone in the group turns in a separate write-up – the answers can reflect your discussions but you should write things up by yourself, putting things in your own words. This policy specifically means that you are not permitted to have a group where people take turns solving the cases and distributing the answers to each other. (I consider spending up to 4 hours on your own a good faith attempt prior to meeting others, so once you have hit that limit you can talk to other students without violating the honor code for this class.)
Similarly, you are not allowed to consult students who used these cases in other classes. On your case write up each week I expect you to write the following statement “I have followed the course rules for preparing my case write up” and sign your name pledging your honor.

For the final exam you can bring in a single page of notes to the exam.

**Course Format and Philosophy:**

This course is an advanced class. Because the Covid-19 pandemic is having a massive macroeconomic impact on the global economy, we will study it in detail. We use the pandemic as a vehicle for developing a toolkit that be used to analyze a number of classic macroeconomic issues and questions. These tools will be valuable for long after the pandemic. We will also cover some of the other longer standing macroeconomic challenges of our times.

The target audience are students who majored in economics in college, or took many classes, prior to coming to Booth and are interested in seeing how macroeconomics can be applied to address the current pandemic and other issues that are relevant for business. Alternatively, if you took 33040 and enjoyed it and would like to learn more, this a perfect class for you.

The bulk of the class time will be spent on lectures and case discussions. I will bring listed below to allow us to get different perspectives on the class topics. The exam will also include questions regarding recent events that relate to the material covered in class.

All class sessions will be via Zoom.

**Grade Determination:**

Thirty two percent of the grade will determined by the pre-class assignments that are due each week. These will consistent of homework questions that are due each week by 7:30 am on the day of class. After 7:30 the notes for class that week will be posted in Canvas and all assignments that are turned in after that will receive no credit.

The written assignments will be graded on 4 point scale. A description of how to write up a case is given at the end of the syllabus. Any homework assignment that is not turned in the week it is due prior to class will receive a zero. An average homework write-up is defined as answering all the questions, but not necessarily getting the difficult parts correct. An average score will be a two. A write-up which is superficial will earn a score of one. Students who not only answer all the questions, but also give convincing answers to the difficult questions will get a score of 3 or 4; a perfect write up earns a 4, while one that has only small errors get a 3.

I will only count your eight best scores in calculating your grade – so that means I throw out the low score. **You are free to discuss the cases or homework assignments in groups, provided that you follow the rules discussed above.**

Because the class notes contain solutions to the homework and cases, any assignments turned in after the class notes are posted to canvas will earn a score of zero. I will allow you to print
physical copies the notes to study from and keep. You will be asked to pledge your honor on the final exam that you are deleting the electronic copies of any notes by July 1. This is to prevent the material from being passed to future students.

Having attended class, you should be able to answer all the homework questions after each lecture. I will also post a recording of me reviewing the answers to the homework questions each week that you can review in case you have any questions.

The final will count for 68% of everyone's grade.

To help minimize stress over the exams, I allow you to bring one (double sided) 8.5" by 11" sheet of notes to the exam.

The final exam time will be:
33403-01  Tuesday June 1, 8:30 AM - 11:30 AM and 6:00 pm to 9:00 pm

You are expected to take the exam during one of the scheduled times. I will not offer early grades. If need a grade before finals you should not take this class.

Policy on Makeup Exams and Re-grades:

MAKEUP EXAMS WILL NOT BE OFFERED. If for a compelling reason, a student cannot sit for the final exam at the scheduled time, the student will receive an incomplete, i.e., a grade of I. This grade can be cleared by taking the final when I next teach the class in the 2022. The only valid reasons for missing the final are a serious illness (that is documented by a doctor's note) or a death or birth in the family (again with documentation required). In all other cases, failure to sit for the final exam will lead to a failing grade. NOTE: This means that excuses involving vacation schedules, lack of time for preparation, too many other exams, etc. will not be accepted.

If you have an internship that requires you to start during finals week I require you to take the exam with the evening section on June 1.

It is your right to question a grade, however, to guarantee that similar cases are handled similarly, it is essential that all grading is done promptly. Therefore, requests for re-grades will only be considered for one week after the exams are returned. All requests for re-grading must be made in writing and must include an explanation of why the original grade is not justified. Oral requests for re-grades or late requests will not be considered.

Exam Preparation:

I will also hold an optional review on Thursday May 27 from 5 pm to 7 pm. This meeting is designed to be a question and answer session where we can work through homework and lecture notes. I will not prepare a lecture for the review.
Extra and Missed Classes

If you miss any classes it is your responsibility to watch the zoom recording of the class.

If you miss class, you should submit the assignment via Canvas by 7:30 am on the day of class in order to receive credit for it.

Case Writeups:

In preparing your case write-ups you should keep two things in mind. First, make sure you address all the parts of any questions that are posed. Second, for questions that ask for calculations, clearly document all of your steps and maintained assumptions. If you have questions about how your case is scored please talk to the grader about it first and then come to see me if you are still unsure.

I have told the grader to penalize long, rambling answers. So be concise in writing up your answers. Keep in mind that the case write-ups and other homework assignment are intended to prepare you for the class discussion. You should not expect to be able to easily answer all the questions before class. The answers should become clear during the class, so once we have completed our discussion you should understand the correct answers.

Accommodations for disabilities:

The University of Chicago is committed to ensuring the full participation of all students in its programs. If you have a documented disability (or think you may have a disability) and, as a result, need a reasonable accommodation to participate in class, complete course requirements, or benefit from the University's programs or services, please contact Student Disability Services as soon as possible. To receive a reasonable accommodation, you must be appropriately registered with Student Disability Services. Please contact the office at 773-702-6000/TTY 773-795-1186 or disabilities@uchicago.edu, or visit the website at disabilities.uchicago.edu. Student Disability Services is located at 5501 S. Ellis Avenue.

If you have an approved accommodation from Student Disability Services that you plan to use in this course, please contact Academic Services (AcademicServices@lists.chicagobooth.edu) as soon as possible. Academic Services will provide support to you and for me and will coordinate the details of your accommodations on your behalf.
March 30  The pitfalls of macroeconomic forecasting.  Guest visit with Jan Hatzius, Head of Global Investment Research Goldman Sachs.  (He will be live in both sections).

April 6  The response of currency, stock and bond markets to macroeconomic news

April 13  The interaction between macroeconomics and epidemiology.  Guest visit with Laurence Boone, Chief Economist  Organization of Economic Cooperation and Development.  (She will be live in the morning section).

April 20  Financial market stress and crises: lessons from Covid.  Guest visit with Leda Braga, founder Systematica (she will be live in the morning section) and Howard Marks, co-founder Oaktree Capital (he will be live in the evening section).

April 27  Monetary Policy with Low Interest Rates.

May 4  Fiscal Policy Principles  Guest visit with Larry Summers, former Secretary of the US Treasury (he will be live in the morning section)

May 11  Debt buildups and debt sustainability.  Guest visit with Mary Daly, President of the Federal Reserve Bank of San Francisco (she will be live in the evening section)

May 18  Inequality

May 25  The macroeconomics of climate change and Course Summary

The guests will join us for one hour, with the first 30 minutes being a moderated conversation and the last 30 minutes being questions from the class.  Class questions will be proposed by registered students and selected based on polling of the other students.

For the first class, you should read the syllabus that is posted in Canvas and then download the case that is posted in Canvas and complete the questions at the back of the case.  Be sure to follow the rules in the syllabus.  If you are not registered, or are taking the class as part of the Take 3, you can also access the case and syllabus from my the teaching page on my website: https://faculty.chicagobooth.edu/anil.kashyap/teaching.html

In case you are not registered as of the first class, email your case write up to the TA by 7:30 am the day of class.  Once you have done that, he will email you back the notes for week 1 that will be posted in Canvas.