Business 33403: Advanced Macroeconomics  
Spring 2020 Syllabus and Course Requirements  
(Updated syllabus March 24, 2020)

Professor Anil Kashyap

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Office Hours: Mondays 1:45 pm to 3 pm and by appointment in HPC 529 or via zoom. (I find that most of you prefer to meet on short notice so I will plan to see most of you through appointments – I am on campus most days.) 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 that covers a number of pressing macroeconomic issues 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 a number of 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. I expect that the tools and facts that we will cover will be relevant for people who need to understand aspects about the macroeconomy for their jobs, particularly in consulting or financial services.

The bulk of the class time will be spent on lectures and case discussions. The exam will also include questions regarding recent events that relate to the material covered in class.

**Grade Determination:**

Thirty two percent of the grade will determined by the pre-class assignments that are due each week. These will consistent of a mix of cases, problem sets or in class quizzes based on the assigned reading.

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 four, while one that has only small errors get a 3. In class quizzes, will also be graded on a 4 point scale. 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.

Any case assignments or homework write ups must be submitted by 7:30 am on the due date. This is because I will be posting class notes that will contain some of the answers for material at that time so that you have print a copy of the notes to have in hand during class.

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 times will be:
You are expected to take the exam during the scheduled time for your section, but if necessary you can make a written request to take it with one of the other section. 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 2021. 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 be back in Chicago for one of the times when the test is being offered, or to supply a note from a managing director at the firm explaining why this is not possible. In that case, you will need to have the firm administer the exam on Monday June 8 in time to have it returned by Fed Ex to Chicago by 10:30 am on June 9 so that it can be graded with all the other exams. I will not finish writing the exam until June 7 so taking the exam early is not an option.

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 Saturday June 6 from 11:45 to 1:15 pm at Gleacher. 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 pick up any handouts that are distributed and arrange to have any assignments that are due to be turned in. It is also your responsibility to review a classmate’s notes to find out about any announcements that might have been made in class.

If you miss class, you should email any graded assignments that are due to the TA. The assignment must be received by the time of your class to earn credit.
There will be at least one guest class, time scheduled outside of the regular hours. That time will be announced as soon as possible once the speaker has confirmed his ability to be in Chicago.

**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.

Note that there is one case that I assign in this class that I have previously used for Business 33402 – that is covered in week 1. For any students who have already taken 33402, I will use your grade on the case based on what you turned in for 33402.

See also the frequently asked questions about the course that is posted at [http://faculty.chicagobooth.edu/ani.kashyap/teaching.html](http://faculty.chicagobooth.edu/ani.kashyap/teaching.html) for additional course information.

**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.

**Changes because we are using Remote Learning:**

At this point, all plans are provisional and subject to review after the first two weeks. For week 1, we will meet during the scheduled time and operate like a traditional class. For week 2, I will pre-record part of the material and ask you to watch that in advance. After trying both approaches, we will discuss what works well and what does not and adjust. Because I want you to be able to take notes on the slides that I will be using, I will post those one
hour before the start of class. The notes will contain the answers to some homework questions, so I ask you to submit your homework through Canvas by 7:30 am on the day of each class.

I plan to be available for office hours on Mondays from 1:45 to 3 pm and will be able for zoom sessions then. I will also be willing to schedule meetings at other times, if Monday afternoons are not convenient for you. The best way to reach me and the TA is via email.

If you have questions about anything, please contact me for clarification.

Advanced Macroeconomics Course Outline
Each week we will cover a different topic.
In the first week of the class we will cover a case on how financial markets respond to the monthly employment report and try to understand those reactions.

Provisional topics in subsequent weeks include:

How should we judge and use macroeconomic forecasts?

What do we know about the origins of income inequality, how to measure it and its effects?

How will monetary policy operate in a world of low rates?

What do we know about predicting financial crises?

What are the macroeconomic effects of climate change?

What macro challenges does China face?

What will be the impact aging on the global economy?

Which labor market outcomes are most important and which trends do we understand and which are puzzling?

(I will be adding material related to the Covid-19 crisis, so I might replace one of the classes mentioned above to include that material).

Jan Hatzius, chief economist at Goldman Sachs, will be a guest lecturer in the class on macroeconomic forecasting to be held on April 13.

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