Business 33403: Advanced Macroeconomics
Spring 2022 Syllabus and Course Requirements
(Updated March 22, 2022)

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Office Hours: Mondays 1:30 pm to 3 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, Alissa Aviles. She can almost always find me. I also at available at Gleacher before the evening classes on Monday.

The TA for the class is Zhiyu Fu, his email is zhiyufu@uchicago.edu . Email is also the best way to reach him. Zhiyu will grade the homework assignments and the exam.

Course Prerequisites:

Business 33040 the basic macroeconomics class (or any 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 or Financial Times every day. 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 2 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.

By attending course sessions, students acknowledge that:

A. They will not: (i) record, share, or disseminate University of Chicago course sessions, videos, transcripts, audio, or chats; (ii) retain such materials after the end of the course; or (iii) use such materials for any purpose other than in connection with participation in the course.
B. They will not share links to University of Chicago course sessions with any persons not authorized to be in the course session. Sharing course materials with persons authorized to be in the relevant course is permitted. Syllabi, handouts, slides, and other documents are only to be shared with students who are currently registered in the class.
C. Course recordings, content, and materials may be covered by copyrights held by the University, the instructor, or third parties. Any unauthorized use of such recordings or course materials may violate such copyrights.
D. Any violation of this policy will be referred to the Area Dean of Students.
E. 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.

Course Format and Philosophy:

This course is an advanced class. Covid 19 and the Russian invasion of Ukraine have created a number of challenges for the global economy and we will study many of them. These issues are complex and many have important non-economic dimensions to them. To keep the analysis manageable, however, **we will use the tools of economics to organize our discussions.**

The target audience are students who majored in economics in college, or took many economics classes, prior to coming to Booth and are interested in seeing how macroeconomics can be applied to address the many of the biggest global questions. Alternatively, if you took 33040 and enjoyed it and would like to learn more, this a perfect class for you. **The goal for the class is to give you a framework for thinking about many of major forces that will be affecting businesses over the next decade. See the FAQs posted on my web site https://faculty.chicagobooth.edu/anil-kashyap/teaching for further context.**

The bulk of the class time will be spent on lectures and case discussions. I will bring some guest speakers to allow us to get different perspectives on the class topics. Please use your name cards at all times and include your preferred pronouns on the card. My preferred pronouns are he/him.

Grade Determination:

Thirty two percent of the grade will determined by the homework assignments 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. (I have this system because the class notes contain the answers to the homework questions.)

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. This policy is intended allow people who get sick (or have some sort of emergency) to not be penalized. Because the exam will be cumulative you should still do the homework for every week. **You are free to discuss the cases or homework assignments in groups, provided that you follow the rules discussed above.**

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

The final will count for 68% of everyone's grade. The exam will also include questions regarding recent events that relate to the material covered in class.

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 is scheduled for Memorial Day and needs to be rescheduled. The Deans have set the new time to be 6:00 to 9:00 pm on May 31 for both sections at Gleacher.

I will not offer early grades. If need a grade before finals you should not take this class. If you have an internship that has a mandatory start date before May 31, you will need to arrange to have the firm proctor the exam for you the evening of May 31. Please notify me immediately if that is the case.

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 an alternative final over the summer. 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 May 31.

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 before the final it will be remote on May 28 from 4:30 to 6 pm. This meeting is designed to be a question and answer session where we can work through homework problems and lecture notes. I will not prepare a lecture for the review.

Extra and Missed Classes

You are expected to attend class in person. If you are sick or have some genuine unforeseen emergency, I ask you to send a note explaining what happened and pledging your honor that it was not possible to attend class. In that case, you will be able to view a recording of one of the sections 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.

I am going to have an extra session that will be moderated conversation with Eric Rosengren. He was the point person on the design of the Federal Reserve's Main Street lending program. This will be on May 2 at 4:45 to 5:45 pm at Gleacher. I am also going to have an extra

Rescheduled class

The evening section of the class on May 23 will begin at 5 pm and end by 8 pm. If you cannot arrive until 6 pm, I will have the first hour of class recorded so that you can watch it.

(There is also an extra class with Eric Rosengren that will meet on May 2 from 4:45 pm to 5:45 pm at Gleacher and a zoom session with Christina Segall-Knowles at 9 am on April 22 that will be recorded.)

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.

Provisional Advanced Macroeconomics Course Outline: last updated February 14, 2022

March 28 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 4 The response of currency, stock and bond markets to macroeconomic news

April 11 The macroeconomic responses to the Covid 19 pandemic

April 18 Monetary Policy with Low Interest Rates.

April 22 extra class recorded (and via zoom), 9 am to 10 am in C03 with Christina Segal-Knowles

April 25 Fiscal policy principles

May 2 Debt sustainability

May 2 4:45 – 5:45 pm extra class at Gleacher with Eric Rosengren.

May 9 Financial crises

May 16 Inequality

May 23 The macroeconomics of climate change and Course Summary, 5 pm start at Gleacher

May 31 Final Exam 6 to 9 pm Gleacher

First Class Assignment

For the first class, you should read the updated 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.