

SYLLABUS
MACROECONOMICS ECO394L
Fall 2020

(please find here a short video going through the syllabus: [video](#))

Lectures: Mondays and Wednesdays, 03:30 pm-05:00 pm, FAC 21 and recorded for online availability.

Instructor: Anastasia Zervou

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The best way to contact me is via email

Office Hours **in zoom**: Mondays, 10:00-11:00 am and 20:00-21:00 pm CT

Teaching Assistant: Zhenning Zhao

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Office Hours **in zoom**: Thursdays noon-13:00 pm and 21:00-22:00 pm CT

Help sessions **in zoom**: Fridays 04:30-06:00 pm CT

Course Description: Modern macroeconomics builds on microfoundations. This is the approach that we will take in the course. We construct step-by-step a micro-founded macroeconomic model where consumers and firms optimize and interact, yielding macroeconomic outcomes. Dynamic decisions are key. We will use the model we built in order to study business cycles, macro finance, fiscal and monetary policy issues. We will modify our model appropriately in order to understand the basic ideas behind the two main schools of thought: New Keynesian and Real Business Cycle Theory. We will see the differences between these two schools through their conclusions for optimal monetary policy and business cycles.

Textbook: Our main textbook is Modern Macroeconomics by S. Chugh, MIT press.
Additional readings and notes will be distributed.

Grading: There will be 9 homework assignments all having the same weight towards your grade. Tentative deadlines are: Sep 4, Sep 15, Sep 25, Oct 2, Oct 16, Oct 30, Nov 6, Nov 20, and one more in early December TBA.

Prerequisites: You are expected to be familiar with the basics of consumer and firm theory, taking derivatives and solving optimization problems.

Course policies:

Homework Assignments

There will be 9 homework assignments all having the same weight towards your grade. I will be dropping half of the grade of the lowest assignment, i.e., the lowest assignment will count for half. If for example your lowest assignment is the fourth one (A4), then your final number grade

will be calculated as:
$$\frac{(A1+A2+A3+A5+A6+A7+A8+A9) + \frac{1}{2}A4 + \frac{1}{2}[\frac{(A1+A2+A3+A5+A6+A7+A8+A9)}{8}]}{9}$$

I will use plus/minus grade categories when assigning final grades (i.e. A, A-, B+, B, ... D-, F). Grades will be curved, meaning that your letter grade will be assigned based on your weighted

average course score and your performance relative to the rest of the class. Please do not ask me about extra credit or extra work to improve your grade, as these are not available.

Important: Re-grading requests refer to the whole exam/assignment and not to specific questions/parts. All requests should be made in writing (email is fine) within three working days of receiving tests and assignments back. Later requests will not be accepted.

Late homework will not be accepted neither other type of accommodation could be given. The dates of the assignments are announced at the beginning of the semester, and please allow time to be able to complete the assignment on time, taking into account that there might be arising personal circumstances that disrupt your schedule, but also in order to avoid internet interruptions and other technical problems, which I will not be able to accommodate.

All instructions, assignments, readings and essential information and communication will be on the Canvas website at <https://utexas.instructure.com>.

Other

Please do not use in class phones/laptop/tablets, as it is destructing to me and to your classmates. If you need to use technology inside the classroom for a specific reason, please talk to me before class.

Use of Class Materials:

No materials used in this class, including, but not limited to, lecture hand-outs, videos, assessments (quizzes, exams, papers, projects, homework assignments), in-class materials, review sheets, and additional problem sets, may be shared online or with anyone outside of the class unless you have my explicit, written permission. Unauthorized sharing of materials promotes cheating. It is a violation of the University's Student Honor Code and an act of academic dishonesty. I am well aware of the sites used for sharing materials, and any materials found online that are associated with you, or any suspected unauthorized sharing of materials, will be reported to Student Conduct and Academic Integrity in the Office of the Dean of Students. These reports can result in sanctions, including failure in the course. Additionally, all these materials are copyright protected works. Any unauthorized copying of the class materials is a violation of federal law and may result in disciplinary actions being taken against the student.

Class Recordings:

Class recordings are reserved only for students in this class for educational purposes and are protected under FERPA. The recordings should not be shared outside the class in any form. Violation of this restriction by a student could lead to Student Misconduct proceedings.

University Policies & Resources

Statement on Academic Integrity: The University of Texas Honor Code states:

The core values of The University of Texas at Austin are learning, discovery, freedom, leadership, individual opportunity, and responsibility. Each member of the university is expected to uphold these values through integrity, honesty, trust, fairness, and respect toward peers and community.

Each student in this course is expected to abide by the UT Honor Code and uphold academic integrity. What this means for this course: You are encouraged to study together and to discuss information and concepts covered in lecture and the recitation sections with other students.

However, this cooperation should never involve one student having possession of or copying directly from another student's work that is to be graded. Should such copying occur, both students involved will receive zeros for the assignment. In addition, directly copying from websites/books etc., for the homework will also return zero for the assignment. In addition, any collaborative behavior or use of unauthorized material for graded work, will lead to University disciplinary action.

ADA Notice: Students with disabilities may request appropriate academic accommodations from the Division of Diversity and Community Engagement, Services for Students with Disabilities at 471-6259 (voice) or 232-2937 (video phone) or <http://www.utexas.edu/diversity/ddce/ssd>.

Behavior Concerns Advice Line (BCAL): If you are worried about someone who is acting differently, you may use the Behavior Concerns Advice Line to discuss by phone your concerns about another individual's behavior. This service is provided through a partnership among the Office of the Dean of Students, the Counseling and Mental Health Center (CMHC), the Employee Assistance Program (EAP), and The University of Texas Police Department (UTPD). Call 512-232-5050 or visit <http://www.utexas.edu/safety/bcal>.

Emergency Evacuation Policy: Occupants of buildings on the UT Austin campus are required to evacuate and assemble outside when a fire alarm is activated, or an announcement is made. Please be aware of the following policies regarding evacuation:

-Familiarize yourself with all exit doors of the classroom and the building. Remember that the nearest exit door may not be the one you used when you entered the building.

-If you require assistance to evacuate, inform me in writing during the first week of class. -In the event of an evacuation, follow my instructions or those of class instructors. Do not re-enter a building unless you're given instructions by the Austin Fire Department, the UT Austin Police Department, or the Fire Prevention Services office.

For more information regarding emergency evacuation, please contact the Office of Campus Safety and Security, 512-471-5767, <http://www.utexas.edu/safety/>

Title IX Reporting

Title IX is a federal law that protects against sex and gender-based discrimination, sexual harassment, sexual assault, sexual misconduct, dating/domestic violence and stalking at federally funded educational institutions. UT Austin is committed to fostering a learning and working environment free from discrimination in all its forms. When sexual misconduct occurs in our community, the university can:

1. Intervene to prevent harmful behavior from continuing or escalating.
2. Provide support and remedies to students and employees who have experienced harm or have become involved in a Title IX investigation.
3. Investigate and discipline violations of the university's [relevant policies](https://titleix.utexas.edu/relevant-policies/) (<https://titleix.utexas.edu/relevant-policies/>).

Beginning January 1, 2020, Texas Senate Bill 212 requires all employees of Texas universities, including faculty, report any information to the Title IX Office regarding sexual harassment, sexual assault, dating violence and stalking that is disclosed to them. Texas law requires that all employees who witness or receive any information of this type (including, but not limited to, writing assignments, class discussions, or one-on-one conversations) must be reported. **I am a Responsible Employee and must report any Title IX related incidents** that are disclosed in writing, discussion, or one-on-one. Before talking with me, or with any faculty or staff member about a Title IX related incident, be sure to ask whether they are a responsible employee. If you would like to speak with someone who can provide support or remedies without making an

official report to the university, please email advocate@austin.utexas.edu. For more information about reporting options and resources, visit <http://www.titleix.utexas.edu/>, contact the Title IX Office via email at titleix@austin.utexas.edu, or call 512-471-0419.

Land Acknowledgment

(I) We would like to acknowledge that we are meeting on Indigenous land. Moreover, (I) We would like to acknowledge and pay our respects to the Carrizo & Comecrudo, Coahuiltecan, Caddo, Tonkawa, Comanche, Lipan Apache, Alabama-Coushatta, Kickapoo, Tigua Pueblo, and all the American Indian and Indigenous Peoples and communities who have been or have become a part of these lands and territories in Texas, here on Turtle Island.

COVID-19 Updates: Fall 2020 Semester

Safety and Class Participation/Masks:

For every face-to-face class experience, we will all need to make some adjustments in order to benefit from in-person classroom interactions in a safe and healthy manner. Our best protections against spreading COVID-19 on campus are masks (defined as cloth face coverings) and staying home if you are showing symptoms. Therefore, for the benefit of everyone, this means that all students are required to follow two important rules.

- Every student must wear a cloth face covering properly in class and in all campus buildings at all times.
- Every student must engage in documented daily symptom screening. This means that each class day in which on campus activities occur, students must upload certification from the symptom tracking app and confirm that they completed their symptom screening for that day to Canvas. Students should not upload the results of that screening, just the certificate that they completed it. If the symptom tracking app recommends that the student isolate rather than coming to class, then students must not return to class until cleared by a medical professional.

If a student is not wearing a cloth face covering properly in the classroom (or any UT building), that student must leave the classroom (and building). If the student refuses to wear a cloth face covering, class will be dismissed for the remainder of the period, and the student will be subject to disciplinary action as set forth in the university's Institutional Rules/General Conduct 11-404(a)(3). Students who have a condition that precludes the wearing of a cloth face covering must follow the procedures for obtaining an accommodation:

(<https://orientation.utexas.edu/students-with-disabilities>)

COVID Caveats: To help keep everyone at UT and in our community safe, it is critical that students report COVID-19 symptoms and testing, regardless of test results, to **University Health Services**, and faculty and staff report to the **HealthPoint Occupational Health Program (OHP)** as soon as possible. Please see this [link](#) to understand what needs to be reported. In addition, to help understand what to do if a fellow student in the class (or the instructor or TA) tests positive for COVID, see this [University Health Services link](#).

Topics/Course Outline:

Part 1 (*Assignments 1-3, Chapters 1-7 and notes*):

Consumer theory, static and dynamic decisions

Inflation and Interest rates

Dynamic Consumption-Labor framework

Firms' investment decisions

Intertemporal government decisions

Ricardian equivalence

Review 1

Part 2 (*Assignments 4-6, Chapters 8-10, 14-15 and notes*):

General equilibrium solution in static model

General equilibrium solution in dynamic model

Infinite-period framework and numerical solution

History of Macroeconomic thought

Real Business Cycle Theory

Review 2

Part 3 (*Assignments 7-9, Chapters 9, 13, 22-24 and notes*):

Money in the Macro Model

Monetary Policy

New Keynesian Macroeconomics

Optimal Policy: the flexible price framework

Optimal Policy: the rigid price framework

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