Instructor: John Grigsby (jgrigsby@uchicago.edu), Phone: 540-319-1889, home.uchicago.edu/~jgrigsby

Office Hours: Tuesdays and Thursdays, 1:30-2:30PM, and by appointment, held in Graduate Student Lounge (SHFE 201).

TA: Haishi “Harry” Li (haishi@uchicago.edu), Phone: 312-330-5940
Discussion Section: Wednesday, 6:00-6:50 PM in Rosenwald 015.

Office Hours: Tuesdays 9:20-10:20am, Friday 1:30-3:30pm, outside SHFE 146

Course Objectives: This course is the first macroeconomics course in the core. Building on the models and methodologies developed in ECON 200/201, we will build frameworks to study income, production, labor, and money. The objective of the course is to train students further in rigorous economic modeling and its applications so that they can understand and analyze various macroeconomic issues such as growth, business cycle, unemployment and inflation. The majority of the course will spend developing rigorous economic theory, but careful attention will be paid to the empirical underpinnings of the models we study: we’re trying to explain the world after all. To make the subject matters more relevant and practical, students are strongly encouraged to read the Wall Street Journal and the Economist regularly to keep up with current events. For a more entertaining source for current economic events, listen to the Planet Money podcast by NPR.

Prerequisites: ECON 201 and ECON 199 or strong previous course work in macroeconomics.

Textbooks:

- Gregory N. Mankiw, *Principles of Economics*, Southwestern College (any edition will do)

DLS provides formal mathematical modeling of many of the concepts covered in Barro. While we largely follow DLS and the models that are presented there, you may find it useful to read Barro to understand the context and intuition behind the formal models we cover. Additional and supplementary readings will be provided either on E-reserve or Chalk.

You are expected to know basic concepts and terminologies in macroeconomics that are covered in ECON 199. If you have not taken the course and feel underprepared, please review chapters 23 through 36 of Mankiw.

Course requirements

Homework: There will be 6 regular problem sets, mostly expanding upon material covered in lectures and the texts. In addition, there will be one difficult optional problem set that can be used for extra credit on the midterm (exact weighting TBD). The homeworks are due in the TA discussion sessions on Wednesday evenings, and solutions will be provided once all problem sets are received. In order to get maximum points
on a problem, you must report the steps taken to arrive at the answer, unless stated in the wording of the question. This will help us make sure that you 1) understand the material, and 2) think through the steps methodically.
You are encouraged to work with your classmates. You may submit work in groups of no more than five people. Warning: Free-riders and slackers will pay the price at the end of the quarter!! In my experience, real learning occurs while one tries to solve a problem!
Late problem sets will NOT be accepted. If you anticipate handing in your problem set late, you must inform us with a valid explanation before the deadline.
If you want your problem sets re-graded, you must read our solutions first and then make your request to your TA, Harry, within ONE WEEK upon the return of your problem set. You forgo your right to have your problem set re-evaluated after the one-week period. The entire problem set will be re-graded, hence re-evaluation does not guarantee higher grades.

Interesting Fact: In addition to the regular problem sets, which generally let you practice your theoretical skills, you will have an additional empirical assignment to familiarize yourself with common aggregate data series. You will have to find an interesting empirical fact from one of many common data series, and write no more than 5 (preferable closer to 2 or 3) double-spaced pages on what the fact shows and why it is interesting. This assignment will be due in the final week of class.

Exams: The midterm will be on the fifth week of the quarter, on Tuesday, January 31, in class. The final will be held during exam week (exact time TBA) and test on all of the material from the class. All exams are closed-book, closed-notes, no-calculators, and no-phones. The one-week policy that is described above applies to regrading exams.

Grading: The 6 regular problem sets will count towards 20% of the course grade. The interesting fact will account for an additional 10% of your grade. The midterm will count towards 30% of the course grade. The final will count towards 40% of the course grade. In exceptional cases, the weights may be redistributed at the instructor’s sole discretion. You are expected to participate actively in classroom discussions, and your letter grade may be adjusted upward if you are ”a tad” short of the next grade, again, at the instructor’s sole discretion. Students cannot negotiate/persuade/cajole the instructor to change their grades.

Course Outline:

Overview and Measurement .................. Barro Ch2
Centralized Economy .......................... DLS Ch2-3
Decentralized Economy ..................... DLS Ch5-6
Infinite Horizon Model ...................... DLS Ch3
Midterm ........................................
Economic Growth ............................ DLS Ch11 and Barro Ch3-5
Business Cycle ............................... DLS Ch9 and Barro Ch8
Unemployment .............................. DLS Ch10 and Barro Ch9
Money and Inflation ....................... DLS Ch4,8 and Barro Ch10-11
Trade (Time Allowing) ...................... DLS Ch15 and Barro Ch17-18
Homework and Exam Schedule:

HW1 (GDP Measurement and Chain Weighting) ..........Wednesday, January 11
HW2 (Decentralized Robinson Crusoe) ...............Wednesday, January 18
HW3 (General Equilibrium) ......................... Wednesday, January 25
MIDTERM ........................................... Tuesday, January 31
HW4 (Growth) ...................................... Wednesday, February 15
HW5 (Real Business Cycles) ......................... Wednesday, February 22
HW6 (Money Demand) ............................. Wednesday, February 29
FACT ................................................. Friday, March 9

Academic Honesty: As a University of Chicago student, you have agreed to abide by the University’s academic honesty policy. All academic work must meet the standards described in Academic Integrity and Student Conduct found at: http://college.uchicago.edu/policies-regulations/academic-integrity-student-conduct. Lack of knowledge of the academic honesty policy is not a reasonable explanation for a violation. Questions related to course assignments and the academic honesty policy should be directed to the instructor.