



University of Minnesota
Department of Economics

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Econ 4731 Macroeconomic Policy, Fall 2011
Syllabus, updated: September 12, 2011

Course objective

The aim of this course is enable you to analyze and think *independently* about macroeconomic issues and about how they are going to affect you. Examples of the issues we'll deal with in class are:

- Why are differences in living standards in North America and Africa today are so large?
- Why over the last 50 years some countries have experienced growth miracles and other have stagnated or, worst, regressed?
- What causes booms and recessions? Are we heading into a double-dip recession? Could the great depression happen again? What is the role of the FED or other institutions in avoiding recessions?
- In unemployment still going to be high by the time I graduate?
- Is the stock market as a whole overvalued? Is the dollar overvalued? Are housing prices going to recover soon?
- How's Obama's job plan is going to affect the US economy? How's Medicare going to affect the US budget?
- How large in economic inequality in the US? What effects does it have?
- What are the causes and the consequences of a financial crisis like the ones Argentina in 2001, US in 2008 or Greece in 2010?
- What are the consequences of increasing trade liberalization? Why there is so much opposition to it?
- Is the growth of China good or bad for US?

These issues are extremely complex and economists (or other scientists) do not yet have a full and clear understanding of them. As a consequence you will not walk out from the class having one either. But you will be exposed to a variety of examples and empirical evidence so at least you'll know the facts. And you will be exposed to some of the best ideas, coming straight from the frontier research in economics, that will improve your understanding.

At the end of this class you should be able to fully digest and read *critically* articles about the economy from, say, the Economist or the Wall Street Journal, as well as economics research and commentary from leading investment banks. You should also be able to intelligently comment and do independent research on any macroeconomic issue you need or want to deal with. Throughout the class we will discuss why these skills will be helpful to you, whether you want to sell corporate bonds, market consumer products, teach high school students, advise clients on their international operations, or be a stay-home parent, a musician or the president of your country.

Instructor, class time/location and office hours

Fabrizio Perri
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Class time: Monday 4.00-6.30
Class location: Blegen Hall 155
Office hours : Monday 2.30-3.45

Course web-page and material

All relevant information and material for the course, including lecture notes, will be posted on the course web-page www.fperri.net/teaching/macropolicyf11.htm. The page indicates the date of the last revision of the notes. I will let you know if I substantially revise the posted notes. Required readings are indicated with a star(*). There is no required book for the course but if you'd like to consult one please ask me.

Prerequisites

Intermediate micro and macro or similar

Important dates and class outline

Day	Time	Topic and deliverable
Mon. Sep.12	4.00-6.30PM	Introduction. Understanding Macroeconomic Data 1
Mon. Sep.19	4.00-6.30PM	Understanding Macroeconomic Data 2
Mon. Sep.26	4.00-6.30PM	Understanding Macroeconomic Data 3
Mon. Oct.3	4.00-6.30PM	Long Run Growth 1. Individual project 1 due
Mon. Oct.10	4.00-6.30PM	Long Run Growth 2
Mon. Oct.17	4.00-6.30PM	Long Run Growth 3
Mon. Oct.24	4.00-6.30PM	International Trade and Globalization
Mon Oct. 31	4.00-6.00PM	Midterm exam
Mon. Nov.7	4.00-6.30PM	Business Cycles, Monetary/Fiscal Policy, 1
Mon. Nov.14	4.00-6.30PM	Business Cycles, Monetary/Fiscal Policy, 2
Mon. Nov.21	4.00-6.30PM	Business Cycles, Monetary/Fiscal Policy, 3 Individual project 2 due
Mon. Nov.28	4.00-6.30PM	Exchange Rates and Financial Crises, 1
Mon. Dec.5	4.00-6.30PM	Exchange Rates and Financial Crises, 2
Mon. Dec.12	4.00-6.30PM	Final Review, Group Project due
Mon. Dec. 19	4.00-6.00PM	Final exam

Grading

Your grade will be based on:

Class participation	15%
Group project	10%
Individual Projects	20%
Midterm exam	25%
Final exam	30%

- *Class participation* My experience is that class discussion greatly enhances the quality of the learning and teaching experience so it is **strongly** encouraged. Your participation grade will be based on the quality and quantity of your contributions, your attendance and on your respect of class policies (see below).
- *Projects.* Group and individual projects can require you to solve a simple numerical exercise, to comment a news article, or to do some research on a topic

and write up a business-type report/memo. There are 2 individual projects and 1 group project. Each project has the same weight toward the final grade. The projects, along with the due dates, will be posted in pdf on the course web-page. The pdf file of the projects might contain links to additional data needed. Answers should be delivered to me in a printed copy at the start of class on the due date. Please label the submission with its name (eg, Group Project) and the names of everyone involved. Groups should not have more than 5 individuals. **To be fair to those who deliver on time no late submissions will be accepted.**

- *Exams.* The midterm and final are 2 hours exams. The exams are closed books and you may not use any electronic wireless receiver/transmitter. Anything mentioned in the notes, in the required readings or in class is a legitimate subject for an exam question.

Class policies

You are expected to be in the classroom on time. In class the use of a laptop is only allowed for taking notes. The use of handheld devices is not allowed and cell-phones should not be ringing. Violations of any of these policies will significantly affect your participation grade. Each student should act with integrity in all academic activities and hold his or her peers to the same standard. You might (and should) discuss assignments with anyone but any written work submitted for a grade should be your own (for individual work) or your group's (for group work). Cheating will not be tolerated.