

Econ 110B
Short-Run Macroeconomics
Spring 2022

Instructor

Juan Herreño

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Office Hours: Wednesday 9:00 am - 10:00 am (ECON 212)

Virtual Office Hours: Monday 9:00 am - 10:00 am (zoom number: 645 561 9546)

Teaching Assistants

Junyuan Chen

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Office Hours: See the Discussion Sections and Office Hours Section

Molly Shatto

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Office Hours: See the Discussion Sections and Office Hours Section

Instructional Assistants

Deshawn Xie

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Q&A sessions: Wednesdays 2:00 pm - 2:50 pm

Shixuan Wu

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Q&A sessions: Wednesdays 3:00 pm - 3:50 pm

1 Overview of the Class

Over the last two centuries, U.S. real GDP has grown between 2 and 3 percent a year, but this growth has been anything but smooth. In the previous 50 years, annual growth rates have ranged from -2 percent or less (examples are 1975, 1982, 2008, and 2020) to 8 percent (examples are 1950, 1984, and 2021). These short-term “fluctuations” or “business cycles” are the subject of intense interest to the public, have impacted the livelihood of millions, influenced the outcome of elections, and captured the interest of the press and the academic community.

This class will study the causes and effects of short-run fluctuations and evaluate what policymakers can do about them. Short-run fluctuations in output lead to costly economic recessions during which unemployment rises, and economic activity falls substantially. The rate at which prices change on average, called inflation, impacts the affordability of goods and services in the economy and determines monetary policy decisions.

Understanding their causes and how to respond to recessions is a primary concern of policymakers in central banks and governments alike. We will learn:

1. How the economy behaves during recessions.
2. What changes in the economy cause recessions.
3. How policymakers can respond to recessions to stabilize economic activity.

While we will refer to data and real-world applications to motivate and guide our approach, the goal of this class is to provide you with a theoretical understanding of short-run fluctuations.

This Syllabus covers all the essential organizational details. I consider the Syllabus my contract with you, and I commit to uphold it as written. However, these are unprecedented times, and events outside our control can change the conditions under which the class is taking place. While I do not anticipate doing so, situations may arise that require adjustments to the class rules to ensure that the quality of your learning is preserved. I commit to keeping you informed of the decision process.

2 Course Material and Attendance

The textbook for the class is “**Charles Jones: Macroeconomics, 5th edition**”. I will provide **lecture notes** and **slides** on Canvas. Sometimes I will follow the book closely, and sometimes I will depart a bit from it. **The chapters of the book listed in the schedule, slides, and lecture notes are required materials.**

Your digital course materials are provided by the UC San Diego Bookstore through Canvas. You will need to opt in to the Inclusive Access program by April 9th, 2022 to access the materials at a special reduced price. If you decide not to opt in, you will be responsible for sourcing the materials elsewhere. For any questions about billing please contact textbooks@ucsd.edu. For any questions about using your eBook please reference RedShelf Solve.

To opt in:

Click the RedShelf link in Canvas Click View Course Materials Select “OPT-IN to Course Materials” Again, you have until April 9th, 2022 to complete this process or you will be responsible for getting access to the materials elsewhere.

3 Recommended Readings

I recommend that students get into the habit of browsing the daily newspapers like The Wall Street Journal, The Financial Times, the business section of newspapers like The New York Times, or the weekly magazine The Economist at least once every two weeks. Reading the news will provide some context for the course. I will occasionally post additional optional readings to give students the possibility of understanding the concepts on an even deeper level.

4 Meeting times

We will meet two times per week on Tuesdays and Thursdays from 9:30 am to 10:50 am in Warren Lecture Hall (WLH) 2205 for section A, and from 11:00 am to 12:20 pm in WLH

2204 for section B. Please try to attend the section for which you are registered. If you cannot attend your section time in any given week, you are welcome to attend the other section.

5 Instructor Office Hours

I will hold regular office hours on zoom and in person. Zoom office hours are on Monday mornings from 9:00 am to 10:00 am. The Zoom meeting number is listed on top of the syllabus. In-person office hours will take place in ECON 212 on Wednesday from 10:00 am to 11:00 am.

6 Discussion Sections and Office Hours

Junyuan Chen and Molly Shatto will be the TAs for this class. They are fantastic Ph.D. students from the Department of Economics with specialty in macroeconomics. They will be a great resource for you. They will hold discussion sections on Wednesdays 12:00pm-12:50pm on Solis 110, on Wednesdays 1:00pm-1:50pm in Solis 110, and they will hold an online discussion section on Fridays from 3:00 pm - 3:50 pm.

They will hold office hours online on Mondays from 4:00 pm - 5:00 pm.

Deshawn Xie and Shiuan Wu are Undergraduate Instructional Assistants, and will hold sessions to answer student questions of the material and practice questions each week. Deshawn will be in PCYNH 280 from 2:00pm to 2:50 pm, and Shixuan Wu will be in PCYNH 280 from 3:00 pm to 3:50 pm.

7 Class Attendance

I will not make any in-class quizzes that count for your final grade or register attendance. I may ask students to solve short problems during some lectures. everything I say during lectures is fair game for exams. Moreover, attending and participating in lectures and the discussions that emerge during them is a key aspect of your learning.

This class will be in-person. I will make lecture recordings available in case you cannot attend a particular session. Discussion sessions will not be recorded. Office hours will not be recorded.

8 Exams

There will be one midterm exam (75 minutes each, covering contents from lectures 1 to 8), and one final exam (2 hours, cumulative). **Students must attend the exam in the section for which they are registered.** Please mark your calendar as follows:

1. Thursday, April 28th 2022: Midterm, during class time. In person.
2. 06/07/2022, 8:00am-10:59am, Final exam for section A. In person.
3. 06/07/2022, 11:30am-12:29pm Final exam for section B. In person.

I will make practice exams with solutions available during the week before each exam.

9 Grading

Your grade will be determined as follows:

1. 10% from problem sets (each problem set receives a grade of Check/Zero).
2. 5% from reflections (Check/Zero).
3. 35% on the midterm.
4. 50% on the final.

All the exams must be taken at the scheduled time and place. Students who arrive late will not receive extra time to complete their exam. Once a student completes the exam and leaves the exam room, no other student will be permitted to start the exam. No notes, books, study aids, calculators, cell phones or other personal electronic devices will be allowed during the exams.

Any re-grade consideration will be subject to two rules. First, a re-grade of one question will involve a re-grade of the entire exam, no exceptions. Second, you have to bring your request for a re-grade to me in writing, explaining carefully what you think the problem is. Final deadline for a re-grade request is 48 hours after the exams are handed back to you. I will be in charge of re-grading.

10 Problem Sets

Your performance depends on your constant practice. Attending class and working on the problem sets will deepen your understanding and improve your performance. At the end of each handout, there will be practice exercises which will help you to work through the material covered in lectures and to prepare for the exams. A subset of these exercises are assigned as problem sets on a weekly basis. Problem sets are due every Thursday by 5pm, and they will appear as an assignment on canvas, where you will upload your scanned solutions. They will be graded as “check” (handed in and worked through at least 80% of the exercises), and “zero” (did not turn anything in, or more than 20% of the questions were not sufficiently attempted). If you are unable to solve a problem, please describe why instead of just not answering the question. This way you will be able to secure a check on the assignment. We will drop your lowest score when compiling the score for the problem sets for the final grade. I will provide solutions to all the problem-sets in the notes.

11 Reflection

In addition to problem sets, there will be a short graded assignment every week that is meant to promote better reflection and learning of the materials and you will be expected to submit answers to the three questions below:

1. What were the most important 1-2 new things you learned from the lecture and/or readings that you did not know before class?

2. What were 1-2 points discussed in lecture/readings that you are still confused/unclear about and would like some further clarification on?
3. How do you feel about your learning in this class overall?

Reflection notes are due every Friday by 5pm, and they will appear as an assignment on canvas, where you can type-up brief answers every week and submit them.

Research on pedagogy shows that such reflection notes are highly effective at promoting learning and helps to make faculty and students accountable for the material in each lecture. It is also a low-pressure form of assessment. They will be lightly graded as “check” (turned in), and “zero” (did not turn anything in). You should ideally submit these notes for all lectures, but we will drop your lowest score. The reflections make up 5% of your final grade, but they will help both you and me in monitoring your progress in this class.

12 Academic Integrity

Students are expected to do their own work, as outlined in the UCSD policy on Academic Integrity. All students of UC San Diego are responsible for knowing and adhering to this institution’s policy regarding academic integrity. Cheating, plagiarism, fabrication, lying, bribery, threatening behavior and assistance to acts of academic dishonesty are examples of behaviors that violate this policy. Ordinarily, a student engaged in any act of academic dishonesty will receive a failing grade for the course. In addition, all incidents of academic misconduct shall be reported to the Academic Integrity Office. Depending on its findings, students who are found to be in violation of the academic integrity policy will be subject to non-academic sanctions, including but not limited to university probation, suspension, or expulsion. The Academic Integrity Office can be contacted by email at aio@ucsd.edu or by telephone at 858-822-2163. Additional information regarding the University Academic Integrity policy is available at <https://academicintegrity.ucsd.edu/>.

13 Missed Examinations

Students are expected to take all exams, to avoid a fail grade. Only in exceptional cases of illness or other problems, a student may be excused from an exam provided a doctor's written note or appropriate documentation is presented to the instructor *before* the exam, or within 2 working days of the end of an emergency, if that were to be the case. An emergency is defined as a situation that prevented the student from taking the exam and from notifying the instructor about the situation. If a student is excused from the midterm, their grade will be computed reassigning the weight of the midterm into the final. No make-up exams will be given.

If you were to miss the final, or the midterm and the final exam with approved excuses, I will conduct an oral examination that will replace the final exam, provided that we can arrange a time before grades are due.

Failing to provide an accepted excuse will yield a grade of zero for the examination the student missed.

14 University Policies and Resources

14.1 Conduct Code

To foster the best possible working and learning environment, UC San Diego strives to maintain a climate of fairness, cooperation, and professionalism. UC San Diego's Principles of Community illustrate the expectations of all members of our community. Consistent with such principles, the Student Conduct Code underscores the pride and the values that define UCSD's community, while providing students with a framework to guide their actions and behaviors. I recommend reviewing the Student Conduct Code to make sure you are familiar with the behavior that is expected from you in class and on campus in general.

14.2 Disability Accommodations

Campus policy regarding disabilities requires that faculty adhere to the recommendations of the Office for Students with Disabilities (OSD). Any student eligible for and needing academic adjustments or accommodations because of disability should submit to me a letter from OSD describing appropriate adjustments or accommodations and should arrange to meet with me as soon as possible so that arrangements can be made in a timely manner. University policies regarding disabilities are available at <http://disabilities.ucsd.edu/students/>. Appointments with OSD (phone or in-person) can be made by calling 858.534.4382 or by email at osd@ucsd.edu.

14.3 Religious Observance

Campus policy regarding religious observances requires that faculty make every effort to reasonably and fairly accommodate all students who, because of religious obligations, have conflicts with scheduled examinations, assignments or required attendance. See full details of policies on examinations here. If you have scheduling conflict covered by this policy, please let me know as soon as possible so that we can reschedule the relevant assignment/examination.

14.4 Harassment Policy

The University Policy on Discrimination and Harassment applies to all students, staff and faculty. Any student, staff member or faculty member who believes (s)he has been the subject of discrimination or harassment based on race, color, national origin, sex, pregnancy, age, disability, creed, religion, sexual orientation, gender identity, gender expression, veteran status, political affiliation, or political philosophy, should contact the Office for the Prevention of Harassment and Discrimination (OPHD) at (858) 534-8298, ophd@ucsd.edu, or reportbias.ucsd.edu

My classes are meant to be inclusive spaces for all.

15 Data Privacy

The University adheres to the standards for student privacy rights and requirements as stipulated in the Federal Rights and Privacy Act (FERPA) of 1974, see <http://ucsd.edu/catalog/front/ferpa.html>.

16 Counseling

Managing the many challenges of being a college student can be very stressful. **Always remember that talking to somebody that is professionally trained to help is just an email, or short walk, away: <https://caps.ucsd.edu/>.** Your mental health is a priority.

17 Tentative Class Schedule

Date	Lecture	Topic	Material
Tuesday, March 29th	1	Intro	Slides, Notes, Chapter 9
Thursday, March 31th	2	Facts	Slides, Notes, Chapter 9-10
Tuesday, April 5th	3	Financial Crises	Slides, Notes, Chapter 10
Thursday, April 7th	4	The IS-curve	Slides, Notes, Chapter 11
Tuesday, April 12th	5	Consumption	Slides, Notes, Chapter 16
Thursday, April 14th	6	Investment	Slides, Notes, Chapter 17
Tuesday, April 19th	7	The IS-MP model	Slides, Notes, Chapter 12
Thursday, April 21th	8	Monetary Policy	Slides, Notes, Chapter 12
Tuesday, April 26th		Review	Practice Questions
Thursday, April 28th		Midterm	Material Lectures 1 - 8
Tuesday, May 3rd	9	The Phillips Curve	Slides, Notes, Chapter 12
Thursday, May 5th	10	The Phillips Curve	Slides, Notes, Chapter 12
Tuesday, May 10th	11	The AS-AD Model	Slides, Notes, Chapter 13
Thursday, May 12th	12	The AS-AD Model	Slides, Notes, Chapter 13
Tuesday, May 17th	13	Assessing the Model	Slides, Notes, Chapter 13
Thursday, May 19th	14	Countercyclical Policy	Slides, Notes
Tuesday, May 24th	15	Depressions	Slides, Notes, Chapter 14
Thursday, May 26th	16	International Trade	Slides, Notes, Chapter 19
Tuesday, May 31th	17	Exchange Rates (time permit.)	Slides, Notes, Chapter 20
Thursday, June 2nd	18	Conclusions and Review	