

Primary Instructor: Daniele Tavani, Assistant Professor, Department of Economics

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Office Hours: MW 3–4pm or by appointment, C310 Clark

Lecture meets MWF 2–2.50pm, Educ 13

Course Description

This course builds on students' previous knowledge of introductory and intermediate macroeconomics in order to: (a) understand the rationale behind policy intervention in the economy; (b) develop competence in evaluating the impact of different economic policies (monetary policy, fiscal policy, and so on) on the economy using economic models, and (c) analyze a recent example of economic policymaking. Essential elements of the course are extensive references to current macroeconomic developments, as well as applications of macroeconomic models to current policy issues, both in the US and the EU.

Course Objectives

By the end of the course, the successful student should be able to:

1. Use modeling and data analysis tools to prepare a written analysis of macroeconomic policymaking.
2. Make oral presentations of policymaking case studies.
3. Use economic data and theory to evaluate the motivation, implementation and effectiveness of relevant macroeconomic policies.

Prerequisites

ECON304 – Intermediate Macroeconomics is a prerequisite for this course, and the prerequisite will not be waived for any reason. The instructor assumes you are familiar with the material presented in typical Intermediate Macro courses, such as: Income-Expenditure Model, IS-LM model, AD-AS model, the Solow growth model, as treated (for example) in books such as Blanchard and Johnson, *Macroeconomics* 6th Edition, Pearson.

Required Text and Course Material

The textbook for the course is: Benassy–Queré, A., Coeuré, B., Jacquet, P., and Pisany–Ferry, J. 2010. **Economic Policy**. Theory and Practice, Oxford University Press. ISBN 978-0-19532273-6.

Additional material of relevance to the class will be made available through RamCT–Blackboard. Any additional material made available is required reading for the course.

Required Work

This section lists minimal expectations about contact hours for this class. You should expect to work for this class a minimum of 7.5 hours a week outside of class time.

Activity	Hours per week
Attend class	2.5
Read assigned readings/ review class notes	2.5
Work on assignments	1.0
Work on research project/presentation	4.0
Total	10

Evaluation

Your course grade will be determined by adding together all of the points earned in the course. There are 1200 total possible points for the class, distributed as follows:

Evaluation Item	Points
Paper	600
Paper Presentation	120
Paper presentation evaluation	60
Online Assignments	180
In class Quizzes	180
Class participation	60
Total	1200

- **Paper** (600 possible points). Students will be randomly assigned to teams of up to three people. Each team will be randomly matched with a research topic on a policy relevant question, and will be required to submit a 15-20 double-spaced paper on the topic. Each member of the team will receive the same grade on the paper. Topics, deadlines and guidelines for the paper will be posted on RamCT. Papers or sections of papers turned in after 5.00 p.m. on a due date will have 30 points deducted for each 24 hour period late. The final draft of the paper must be submitted electronically through SafeAssign, as well as in print to the instructor.

Each paper should clearly identify the authors, and include a signed CSU honor pledge on each section draft and the final paper: “I have not given, received, or used any unauthorized assistance”. The first page of each paper should include a footnote in which the division of labor between the team members is made explicit.

Following is a detailed list of critical deadlines and scores for the paper assignment.

Wednesday, Aug. 27	50 points	Topic and Research Teams
Monday, Sept. 15	50 points	Section 1 draft*
Monday, Sept. 29	50 points	Section 2 draft* (including tables, charts)
Monday, Oct. 13	50 points	Section 3 draft* (include model graph)
Monday, Oct. 27	50 points	Section 4 draft* (include tables, charts)
Monday, Nov. 3	50 points	Section 5 draft* (include tables, charts)
Monday, Nov. 17	300 points	Complete paper

- **Paper Presentation** (120 possible points) During the last two weeks of the course, an oral version of each paper accompanied by PowerPoint slides will be presented to the class by the author(s). Each

student individually must make a 5-7 minute presentation. PowerPoint slides must be emailed to the professor at least 24 hours before the presentation. Failure to meet the deadline will result in a 60 point reduction in your presentation grade. The order of presentations will be determined by random draw on Wednesday, November 26, 2014. Time slots may be voluntarily traded.

- **Paper evaluations** (60 possible points) After students' presentations, each team will complete an evaluation of every team's paper other than its own. Failure to submit even one written evaluation will result in a score of zero on this grade item. The evaluations should be 1/2 to a page long, and address the main argument made in the presentation. Evaluations are due the next class following the presentation.

- **Online Assignments** (180 possible points)

Online assignments are meant to evaluate students' overall understanding of the issues presented in class. A typical assignment will mostly involve numerical exercises. Yet, occasional essay questions are to be expected. Online assignments will be due on Fridays, and made available the previous Monday. **Being assignments due online, no late submissions and/or extensions will be allowed.** Following, a list of due dates for online assignments:

Assignment 1 (30 possible points): Friday, September 5.

Assignment 2 (30 possible points): Friday, September 19.

Assignment 3 (30 possible points): Friday, October 3.

Assignment 4 (30 possible points): Friday, October 17.

Assignment 5 (30 possible points): Friday, October 31.

Assignment 6 (30 possible points): Friday, November 14.

- **In class Quizzes/Tests** (180 possible points)

Test 1 (60 possible points): Monday, September 22.

Test 2 (60 possible points): Monday, October 20.

Test 3 (60 possible points): Monday, November 10.

- **Class participation** (60 possible points)

Active participation in class is critical for this course. Your questions and comments during class help not only yourself, but others to learn and understand. Please participate actively. Please try to avoid distracting others by refraining from private conversations during class, by not texting, by silencing your phone, by not coming to class late, and by not leaving class early. Your full cooperation will make this a profitable and enjoyable course. Playing with your phone during class, for instance, will result in losing the whole amount of points available for class participation.

Grading Scale

Below, a table summarizing the grade corresponding to each interval of accumulated points through the semester. The instructor reserves the right to lower the number of points required for any grade.

Grade	Points	Grade	Points
A+	1165-1200	B-	949-984
A	1105-1164	C+	925-948
A-	1069-1104	C	829-924
B+	1045-1068	D	709-828
B	985-1044	F	Less than 709

Attendance

Attendance, participation in classes, and the ability to meet deadlines for the paper, the online assignments, and the in class tests are critical. “I have to work; “My mom needed a ride to the airport”, or “I am turning 21 and won’t attend class because I’m expecting to go out drinking with my friends”, are not acceptable excuses. You are expected to arrange your schedule so that you attend class at the scheduled time. Part of class sessions may be time spent working with your research partner(s).

Missed Tests or Paper deadlines

If you must unexpectedly miss a test or assignment due date, you must present **written evidence** of a medical or family emergency in order to take the quiz or submit the assignment at a later date. If you know in advance that you will be unable to take a quiz or meet an assignment due date, contact the professor as soon as possible to make other arrangements. In general, with an acceptable reason, such as a university sanctioned activity, you may be able to arrange to take a quiz or submit an assignment early, but never late.

Accommodation For Students With Disabilities

If you require special accommodation to complete the requirements of this course, please provide documentation and verification from the office of Resources for Disabled Students (see <http://rds.colostate.edu/>). The student is responsible for obtaining the appropriate verification and paper work.

Academic Integrity

This course will adhere to the Academic Integrity Policy of the General Catalog and the Student Conduct Code. As per university policy, “Any student found responsible for having engaged in academic dishonesty will be subject to academic penalty and/or University disciplinary action”. (General Catalog 2012-2013, 1.6, p. 8). Any academic dishonesty in this course may result in a grade of “F” for the course and may be reported to the Office of Conflict Resolution and Student Conduct Services.

Please be aware that the General Catalog specifically identifies the following examples of academic dishonesty: cheating in the classroom, plagiarism, unauthorized possession or disposition of academic materials, falsification, and facilitation of cases of academic dishonesty.

Plagiarism is defined as follows: “Plagiarism includes the copying of language, structure, ideas, or thoughts of another, and representing them as one’s own without proper acknowledgment. Examples include a submission of purchased research papers as one’s own work; paraphrasing and/or quoting material without properly documenting the source” (General Catalog 2012-2013, 1.6, p.8).

While you are not required to sign the honor pledge, I will ask each of you to write and sign the following statement on the sections of your papers and the final version of the paper that you submit:

“I have not given, received, or used any unauthorized assistance.”

Class Topics

1. Basic concepts. Approaches to policy making. The whys and hows of public intervention. Evaluation criteria for policymaking (Chapter 1).
2. Policy challenges: (a) Rational expectations and the Lucas critique (Chapter 2.1.2); (b) the problem of interdependence in policymaking (Chapter 2.2)
3. Fiscal Policy: theories and case studies (Chapter 3).
4. Monetary Policy: theories and case studies (Chapter 4).
5. Economic Policy and the Crisis (Chapter 8).

Paper Topics

1. Fiscal Policy during the Great Recession: the American Recovery and Reinvestment Act of 2009.
2. Monetary Policy during the Great Recession: the Trouble Assets Relief Program and Quantitative Easing.
3. Analysis of the US financial system and financial reforms since the 1940's: from Glass–Steagall to Dodd–Frank and the ‘Volcker rule’.
4. The Volcker disinflation (1979-1984).
5. The Clinton deficit reduction policy and the role of monetary policy during the period.
6. The Bush tax cuts of 2001: effects on US deficit and debt. The role of monetary policy during the period.
7. The crisis and policy responses in the European Union.
8. A comparison of monetary policy after the crisis: EU vs. US.
9. A comparison of fiscal policy after the crisis: EU vs. US.
10. The Japanese deflation of the 1990's: similarities and differences with the US experience after 2008.