ECNS 513.01: Macroeconomic Theory

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Required Texts:

Becketti, Sean, (2013), *Introduction to Time Series Using Stata*, College Station, TX: Stata Press.

Prerequisites: ECNS 302. A course in econometrics (ECNS 403) is recommended.

Description: This course is designed to develop a deeper understanding of macroeconomics. We will approach the subject from both the historical development of the competing schools within macroeconomics and from an empirical macroeconomic perspective. We will focus on the empirical tools a modern macroeconomics. Statistical software will be used to assist us in handling of complex empirical problems and to demonstrate the use of statistical software in macroeconomics. The ultimate objective of the course is to familiarize the student with the various schools of macroeconomics and to give the students the tools necessary to be able to start accessing empirical macroeconomic research.

Learning Outcomes:

1. Be able to explain the development of macroeconomics as a field and to identify and describe the views of the various schools of thought within macroeconomics.
2. Be able to explain the issues associated with simultaneous equations modelling.
3. Be able to explain the issues associated with time series data.
4. Be able to perform and interpret the relevant techniques and tests associated with time series data.
5. Demonstrate proficiency with the statistical software program.
6. Be able to give examples and explain the meaning of empirical macroeconomic research.
7. Be able to explain the policy challenges facing fiscal and monetary policymakers.

Assessment:
Assessment of these learning outcomes will be evaluated based upon your performance on writing exercises, homework, quizzes, and a final exam.
Grading:
The weights for the course grade are:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Weight</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Writing Exercises</td>
<td>10%</td>
<td>As assigned</td>
</tr>
<tr>
<td>Homework</td>
<td>25%</td>
<td>As assigned</td>
</tr>
<tr>
<td>Quizzes</td>
<td>40%</td>
<td>Weekly</td>
</tr>
<tr>
<td>Comprehensive Final Exam</td>
<td>25%</td>
<td>Tuesday, May 13, 1:10-3:10 in LA 401.</td>
</tr>
</tbody>
</table>

Late work is penalized with a deduction of points reflecting the cost it imposes on me. Work is considered late if I receive it after I have finished grading those assignments handed in on time.


Writing exercises will be graded: 0, check minus, check, check plus with check equivalent to a B. If you do not like the grade you earned on the writing exercise, you may revise your exercise once and turn it in for a new grade. Homework, quizzes and the final exam will be graded with traditional points.

I will drop your lowest quiz score in calculating your quiz grade.

Notes:
1. If you miss a quiz and you have a legitimate excuse and you contact me prior to or immediately after the quiz, then we will make arrangements for dealing with the missing score (usually a make-up quiz). If I am not contacted promptly or you don’t have a legitimate excuse, then no makeup is possible.
2. Late homework and late writing exercises are penalized based upon the cost it imposes on me. Work is not late until I have graded the work turned in on time; at that point it starts to impose a cost on me.
3. If my office hours conflict with your schedule, see me for an appointment or try to catch me in my office by chance.
4. Whenever possible, and in accordance with civil rights laws, the University of Montana will attempt to provide reasonable modifications to students with disabilities who request and require them. Please feel free to setup a time with me to discuss any modifications that may be necessary for this course. For more information, visit the Disability Services for Students website at [http://life.umt.edu/dss/](http://life.umt.edu/dss/)
5. Academic dishonesty will result in a score of zero for the assignment in question. Plagiarism is one form of academic dishonesty. All students must practice academic honesty. Academic misconduct is subject to an academic penalty by the course instructor and/or a disciplinary sanction by the University. All students need to be familiar with the Student Conduct Code. The Code is available for review online at: [http://life.umt.edu/vpsa/student_conduct.php](http://life.umt.edu/vpsa/student_conduct.php).
6. Deadlines apply at 5 PM by the day listed:
   - Add a course via Cyberbear: February 4.
   - Add a course with a Registration Override for with the instructor’s signature: February 14.
   - Add a course with Course Add/Change Form and advisor and instructor signatures: May 9.
   - Drop a course via Cyberbear: February 14.
   - Drop a course with a Course Drop Form, advisor and instructor signature, and a W on
transcript: April 7.
Drop a course with a Course Drop Form, advisor, instructor and Dean’s signature and WF or WP on transcript: May 9.
Change to or from credit / no credit via Cyberbear: February 14.
Change to or from credit / no credit with a Course Add Change Form signed by advisor and instructor; May 9.
Change to or from audit (via Cyberbear): February 14.
Please refer to the University catalog regarding the policies for incompletes.
7. I do not take attendance. The consequences of missing class are reflected in quiz and exam scores. However, graduate students do not miss class.
8. This class is a lot of fun (in my opinion) and you will have opportunities to interact with one another. Since the classroom is a community, I expect all of us to treat each other with respect and courtesy. Be sure to bring your sense of humor because we will be fighting with some challenging material and computers.
9. Please set your cell phones on vibrate rather than ring and please leave the classroom to talk on a phone. Cell phones can’t be used during exams or quizzes. No texting during exams or quizzes.
10. You may want some sort of computer storage tool such as a memory stick.
11. We will use the computer program Stata. Stata is available in LA 401 and I will give you details of how to purchase it (optional).

Calendar (subject to change):

Week 1: 1/28, 1/30
  Introduction and Stata
  Read Snowden and Vane 1-54, Beckett ch 1.

Week 2: 2/4, 2/6
  Matrix
  Read Snowden and Vane 55-100.

Week 3: 2/11, 2/13
  Identification
  Read Snowden and Vane 101-162, Beckett ch 2.

Week 4: 2/18, 2/20
  Simultaneous Equations
  Read Snowden and Vane 163-218.

Week 5: 2/25, 2/27
  Smoothers
  Read Snowden and Vane 219-293, Beckett, ch 3.

Week 6: 3/4, 3/6
  Simple Forecasting

Week 7: 3/11, 3/13
  Regression Issues in Time Series
  Read Snowden and Vane 357-400, Beckett, ch 5.
Week 8: 3/18, 3/20
Lags in Models
Read Snowden and Vane 401-450.

Week 9: 3/25, 3/27
Univariate Box Jenkins I
Read Snowden and Vane 451-473, Becketti ch 6.

Spring Break

Week 10: 4/8, 4/10
Univariate Box Jenkins II
Read Snowden and Vane 474-516, Becketti ch 7.

Week 11: 4/15, 4/17
ARCH
Read Snowden and Vane 517-578, Becketti ch 8.

Week 12: 4/22, 4/24
VAR
Read Snowden and Vane 579-659, Becketti ch 9.

Week 13: 4/29, 5/1
Unit Root and Cointegration
Read Snowden and Vane 660-707, Becketti ch 10.

Week 14: 5/6, 5/8
Summing up
Read Becketti ch 11.

Week 15: Tuesday, May 13, 1:10-3:10 in LA 401.
Final Exam