Economics 304L: INTRODUCTION TO MACROECONOMICS – HONORS (SPRING 2014)

Syllabus

Dr. Beatrix Paal
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Office hours: M 2:00 – 3:30 pm and Th 10:00-11:30 (BRB 3.114)
#34690: MWF 9-10, SAC 1.402
HONORS #34680

Dr. Valerie R. Bencivenga
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Office hours: T Th 1:30 – 3:00 (BRB 3.102C)
#34695: T Th 3:30 – 5:00, WEL 1.120
HONORS #34675

All honors students attend one of the large lectures and are responsible for all course requirements given there. Please see the course outline for the relevant unique number, based on your course meeting time and instructor. Honors students have the added requirements of the Friday honors section, and a different grading scheme (see below). The honors section meets each week on Friday from 1-2 in BRB 1.120.

The goal of the honors section is to provide a forum for students to discuss and analyze current events and policy issues in some depth. Under the guidance of the honors teaching assistant and Drs. Paal and Bencivenga, the honors class will apply concepts and models from this course—and some additional concepts and models covered in the Friday section—to explore important questions and to debate policy proposals. Some weeks, we’ll discuss articles from The Economist, Financial Times, Wall Street Journal, etc. Other weeks, we’ll discuss policy papers by economists at the Federal Reserve, Congressional Budget Office, Brookings Institution, etc., or research pieces from the Journal of Economic Perspectives, or posts on blogs such as www.voxeu.org. The interests of the students and current economic problems will shape our choices of topics. Honors students should regard the honors section as an opportunity to gain background and insight into important economic questions they are interested in. Class attendance and participation will count!

Honors students have their own teaching assistant, Anna Klis (aklis@utexas.edu, BRB 4.102, OH TBA). Anna will lead most of the honors classes on Fridays, and she will help students with their presentations and papers, as well as hold office hours exclusively for the honors students. Professors Paal and Bencivenga will attend the honors students’ presentations, as well as being generally available for discussions about the topics of students’ papers. The office hours of all of the 304L TA’s, and both Dr. Paal and Dr. Bencivenga, as well as the 304L SI sessions, are open to the honors students.

EVALUATION IN THE HONORS SECTION: Your course score will be a weighted average of your “regular course score” (80%), and your “honors score”(20%). Your “regular course score” will be calculated as it is for the rest of the class, based on two midterm exams, a final exam, Aplia assignments, and quizzes. See the regular course outline for details. Half of your “honors score” will be based on participation, the other half will be based on a presentation and a short paper (see below). Pluses and minuses will be used. Honors students will not be “curved” separately. If your regular course score is high, and your attendance, presentations, and papers are good, all honors students will receive high grades!

PARTICIPATION: Attendance in Friday’s section will be taken. While being present will count, you’ll increase your participation score by contributing to the discussion.
PRESENTATION AND SHORT PAPER: In the honors section, each student will give a 10-15 minute presentation, at some point during the semester, on a macro topic of special interest to him or her. In the past, students typically have given their presentations either during the last two or three classes of the semester, or during a special 3-hour block of time on the last Friday of the semester (by unanimous agreement, the honors students always have chosen a “mini-conference” format). Each student also will write a short paper (7-10 pages) on the material of the presentation. The presentation and paper assignments are similar to the goals of the honors section—to take a current event, economic question, or policy issue, and to analyze it using concepts and models from the course. The honors TA and the professors will be available to help you shape your question and research it. Some possible topics are listed below, but we encourage you to propose other possible topics, as well. Anna will discuss a timetable for your topics being approved, and for you to submit a short outline and list of sources (typically early April).

POSSIBLE PRESENTATION AND PAPER TOPICS (you are not limited to these topics, and each of these could be more than one topic):

- The Fed’s financial and monetary policies since the financial crisis have had five phases: the “lending facilities,” quantitative easing I (Fed purchases of mortgage-backed securities), quantitative easing II (Fed purchases of government bonds), “Operation Twist” (Fed selling short-term government bonds and buying long-term government bonds), and quantitative easing III (Fed purchases of more mortgage-backed securities and government bonds). What was the purpose of each of these phases? The Fed’s balance sheet is now about 4 times as large as before the financial crisis. What are the possible effects in the future?
- What can the hyperinflations in Germany in the early 1920’s, Hungary after WWII, and Zimbabwe in the 2000’s teach us about government policy that is relevant today?
- There is a debt crisis in Europe (high debt-to-GDP ratios, possibly leading to future sovereign defaults by Greece, Italy, and Spain). Why do debt crises in these countries put the euro in jeopardy? Why have other European countries devised bailout plans for these countries? What has the European Central Bank (ECB) done to mitigate the crisis? Why did the euro zone countries establish the euro in the first place? Does the debt crisis in Europe now mean that the euro and the European Central Bank were poorly designed institutions?
- The US unemployment rate has been slow to fall since the recession, compared to earlier post-WWII recessions. Why? Which types of workers have found it difficult to find work (old or young, college-educated or not, those in “routine” jobs or those in non-routine jobs)? What are the implications for inequality of income in the future?
- What are the facts concerning trends in income inequality in the US? What are the facts concerning trends in global income inequality? What are the facts concerning trends in per capita income and poverty rates, in the US and globally? What are the different ways that technological change and globalization affect per capita income, poverty, and inequality?
- Is it good or bad for the US economy that the central bank of China has accumulated huge reserves denominated in US dollars, including lots of US government bonds? Why has China followed this policy? What is the impact on the US’s policy options?