

ECON307 Syllabus

Undergraduate Honours Macroeconomics

Jesse Perla

Honors Intermediate Macro

This is a course in the tools of modern macroeconomics. The emphasis will be on theory to help tune your intuition, and provide different lenses to interpret the macro-economy.

- **Instructor:** jesse.perla@ubc.ca
- **Prerequisites:** A score of 68% or higher in ECON 305; or permission of the Vancouver School of Economics
 - Email the VSE Undergraduate Office directly to request permission.
- **Credits:** 3
- **Textbook:** None. I will post my notes online (modifications of notes graciously provided by Thomas J. Sargent)
- **TA and Office Hours:** Posted on Canvas

Course Materials and Communications

All materials will be provided online:

- Class Materials: [online](#)
- Communications, Announcements, and Grades: <http://canvas.ubc.ca>

Grading

This material is best learned by doing exercises. When appropriate, we will review some of the problem set answers in class.

- Approximately 6-8 problem sets: 15% (total)
- Midterm: 35%
- Final Exam: 50%

Assume that all grades will be curved (weakly up for exams). Exams are long but fair. You will be given a cheat-sheet. Assignments are to be submitted electronically via Canvas.

Non-Exam Accommodations:

- Email me directly about non-exam accommodations (e.g., late problem sets).
- I will always accept problem sets up until the last day of the term. I reserve the right to decide penalties on a case-by-case basis. In many cases there will be no penalty, and in all cases there will be strictly positive points for late submissions.

Missed Exam Policy: You are responsible for ensuring that you take these exams as scheduled. There will be no make-up or deferred exams.

- Missing a midterm for **ANY** acceptable reason will result in its weight being automatically transferred to the final exam.
- The final exam date will be announced by Student Services about half-way through the term.
- There is no make-up final. Travel plans and/or cheap tickets are not a reason to miss the final. If you have a medical or other compelling reason why you cannot take the final exam at its scheduled time you must follow the formal process and get an Academic Concession from your Faculty Advising Office (see below)
- For the final, the instructor will choose the appropriate alternative (e.g., transfer of midterm weight to final, an oral exam, etc.) based on the circumstances.
- If a student misses both the midterm and final exam for medical or other reasons, then the most likely accommodation is a late withdrawal from the course.

If you get sick right before an exam:

- assume an accommodation will be granted (unless you have a history) so focus on your health
- email me and begin your faculty-specific accommodation process (see [below](#)) when you can, but do not worry if you have no immediate response.

Course Outline

- Introduction and Tools
 - Why models? Why math?
 - Building to a full model of the macro economy
 - Difference equations, functional equations, and “guess-and-verify”
 - Probability and stochastic processes
 - Constrained optimization
- Practice thinking dynamic and recursive

- Basic asset pricing example
- Present value and infinite geometric sums
- Linear state space models
- Consumption and Savings Decisions
 - Permanent income and rational expectations
 - Consumption growth and future income
 - Stochastic versions of the permanent income model
 - Ricardian equivalence
- Expectations
 - Rational vs. adaptive expectations and “rational bubbles” (maybe)
- Unemployment and Search
 - The “Lake Model”
 - Markov chains and long-run unemployment rates
 - Models of job search
- General Equilibrium
 - Endogenizing wages and other prices
- Interest Rates and Complete Markets
 - Theory of interest rates
 - Lucas Model in an endowment economy
 - Event trees and Arrow-Debreu complete markets model (maybe)
- Growth and Fiscal Policy
 - Optimal growth and capital accumulation
 - Distorting taxes on capital, labor, and consumption
 - Government policy and budgets
 - Foreseen and unforeseen policy changes

General Policies

Policy on Collaborating on Assignments:

Students are encouraged to work together on assignments throughout the course. However, all students must independently write solutions up and submit separately. If the code and writeup is too close then a penalty or a zero will be given for all students involved.

Student Success:

UBC provides resources to support student learning and to maintain healthy lifestyles but recognizes that sometimes crises arise and so there are additional resources to access including those for survivors of sexual violence. UBC values respect for the person and ideas of all members of the academic community. Harassment and discrimination are not tolerated nor is suppression of academic freedom. UBC provides appropriate accommodation for students with disabilities and for religious, spiritual and cultural observances. UBC values academic honesty and students are expected to acknowledge the ideas generated by others and to uphold the highest academic standards in all of their actions. Details of the policies and how to access support are available here: <https://senate.ubc.ca/policies-resources-support-student-success/>.

Policy on sharing course materials:

All the materials provided to you as part of this course are protected by copyright. All assignment instructions, quiz questions and answers, discussion questions, announcements, lecture slides, audio/video recordings, Canvas modules, and any other materials provided to you by your instructor or in the textbook are for use only by students enrolled in this course this term. Sharing any of these materials beyond this course, including by posting on file-sharing websites (e.g., CourseHero, Google Docs) is a violation of copyright law and an academic offence. Copying and pasting sentences from the lecture notes or the textbook (e.g., definitions) into for-profit software (e.g., Quizlet) is likewise a violation of copyright law, and an academic offence. Violations of this policy will be treated according to the provisos of the Code of Student Conduct. For further information about copyright law, please refer to (<https://copyright.ubc.ca/students/>).

Policy on Academic Honesty:

It is the policy of the Vancouver School of Economics to report all violations of UBC's standards for academic integrity to the office of the Dean of Arts. All violations of academic integrity standards will result in a grade of zero on the relevant assessment (exam, paper, assignment etc.). Students who do not have a previous offense may have the option to enter into a diversionary process with the Dean of Arts to resolve their misconduct (<https://academicintegrity.ubc.ca/diversionary-process/>). Any student who has a previous academic offense will be referred to the President's Advisory Committee on Student Discipline (PACSD) (<https://universitycounsel.ubc.ca/homepage/guides-and-resources/discipline/>). PACSD may impose additional penalties including: a transcript notation indicating that the student has committed an academic offense, zero in the course, and/or suspension or expulsion from the University.

You are personally responsible for understanding and following the UBC's policies for academic integrity: <https://vancouver.calendar.ubc.ca/campus-wide-policies-and-regulations/academic->

honesty-and-standards. A Canvas module has been made available to you for this purpose titled “Avoiding Academic Misconduct”. It is your responsibility to read the materials in that module before submitting any work in this course. Speak to your instructor if you have any questions regarding the standard for academic integrity at UBC and/or the VSE policies on academic misconduct.

Policy on Academic Concessions:

There are only three acceptable grounds for academic concessions at UBC: unexpected changes in personal responsibilities that create a schedule conflict; medical circumstances; and compassionate grounds when the student experiences a traumatic event, sexual assault, or death in the family or of a close friend. Academic concessions for graded work and exams are granted for work that will be missed due to unexpected situations or circumstances. Situations that are expected (such as time constraints due to workload in other courses) or are predictable (such as being scheduled for paid work) are not grounds for academic concession.

Requests for academic concessions should be made before the due date for that graded work and/or the writing of the exam. UBC policy does not allow for concessions to students who have missed work because they have registered for a course after the due date for that work. You can read more about the rules for academic concessions here: <https://students.ubc.ca/enrolment/academic-learning-resources/academic-concessions>. Students in the Faculty of Arts who require a concession can apply for concessions using this form here: <https://students.air.arts.ubc.ca/academic-concession-form/>. Students in other Faculties should consult their faculty website on academic concessions. Please note that the role of the faculty advising office is to review the evidence and to either support or not support concession requests. The final decision to grant the request always rests with your instructor.

Policy on the Use of AI Learning Tools:

Students are permitted to use artificial intelligence tools, including generative AI, to gather information, review concepts or to help produce assignments. However, students are ultimately accountable for the work they submit, and any content generated or supported by an artificial intelligence tool must be cited appropriately. Use of AI tools of any type is not permitted during exams.

VSE Policy Prohibiting the Hiring of Tutors:

The Vancouver School of Economics expressly prohibits any student from hiring a tutor and/or editor to assist with any portion of written work or academic research. If at any point you feel in need of additional writing support, please speak with your instructor and/or arrange for a writing consultation with UBC’s Centre for Writing and Scholarly Communication

(<https://writing.library.ubc.ca/>). Additionally, you have access to research support through the UBC Library: <https://guides.library.ubc.ca/econ> and <https://guides.library.ubc.ca/econ490>.

Any student who hires a tutor and/or editor to assist with any portion of written work or academic research will be given a zero on that component of the course and will be reported to the Dean's office for academic misconduct (please see Policy on Academic Honesty).