

Intermediate Macroeconomics

INSTRUCTOR: Kaitlyn Woltz

OFFICE LOCATION: James Buchanan Hall D101

EMAIL ADDRESS: kwoltz@gmu.edu

OFFICE HOURS: Tuesday, 9:30 AM – 11:30 AM; and by appointment

ECON 311-001

Fall 2018

Robinson Hall B222

TR: 12:00 – 1:15 PM

“There are two steps to learning macroeconomics. First, to see it as it is today. Second, to understand how it got there: to understand the right and the wrong turns, the hypotheses that proved false, the insights that proved true, and the interaction of events and ideas. Only then, does one truly understand macroeconomics.” – Olivier Blanchard

1. COURSE DESCRIPTION

This course explores Adam Smith’s seminal question: Why are some nations rich and other nations poor? We will follow the development of macroeconomic thought and focus on how each school of thought responded to those that came before it. The aim of the course is to familiarize students with the history of macroeconomic thought and the technical elements of macroeconomic theories. Upon successfully completing this course, you will learn (1) the data and analytical framework that macroeconomists use to study the production and allocation of output in both open and closed economies; (2) the role that the monetary system plays in the economy; (3) how to use the aggregate demand and supply model to analyze how the economy adjusts in the short and long-run under alternative theories of the business cycle; (4) the alternative perspectives on stabilization policy and government deficits and debt that emerge from these different theories; (5) the factors underlying economic growth.

Macroeconomic theories focus on studying two phenomena at the heart of economic performance—long-run economic growth and short-run economic fluctuations, also known as business cycles. During the first half of this course, our primary task will be to master the basic concepts and tools that macroeconomists use to analyze the operation of the economy. We will then walk through Growth theory. In the second half of the course, we will explore different theories of business cycles, including the orthodox Keynesian school, the orthodox Monetarist school, the New Classical school, Real Business Cycle theory, the New Keynesian school, Austrian Business Cycle theory. We will end with a discussion of macroeconomic policy.

Following Buchanan (1982) “Order Defined in the Process of its Emergence,” the character of this class will emerge as the semester progresses. To that end, I may have to adjust this syllabus to better fit the character of the class. I will alert students to any changes made to the syllabus via email.

2. PREREQUISITES AND EXPECTATIONS

The prerequisites for the course include ECON 103 and ECON 104. Additionally, I assume that you have a basic understanding of algebra, and elementary calculus. If you need to review these topics, I recommend that you use Marginal Revolution University and Khan Academy.

I also expect that you treat your fellow classmates with respect, even if you disagree with them; reasonable minds can differ on any number of perspectives, opinions, and conclusions. Constructive disagreement sharpens our thinking and deepens our understanding; therefore, it is not only encouraged, but expected. All viewpoints are welcome in my class; however, no ideas are immune from scrutiny and debate.

Regular attendance is essential to successfully completing this course. If you need to miss a class, it is your responsibility to obtain all lecture notes and assignments from one of your classmates.

3. COURSE MATERIALS

3.1. Required Texts:

- Mankiw, N. G. (2015). *Macroeconomics* (9th edition). New York: Worth Publishers. (M)
- I will also be assigning journal articles and selections from other texts throughout the semester that are relevant to the topics that we are discussing. These readings will be available through blackboard.

3.2. Recommended Texts:

- Snowdon, Brian and Vane, Howard R. (2005) *Modern Macroeconomics: Its Origins, Development and Current State* (SV)

4. EVALUATION AND GRADING

Your grade in this course consists of daily quizzes, four problem sets, and two exams.

Daily Quizzes	20%	
Problem Sets	15%	
Midterm Exam	30%	Thursday, October 11
Final Exam	35%	Thursday, December 13, 10:30am – 1:15pm

The daily quizzes will be based on both the assigned readings for that day and the lecture from the previous class. Consequently, attending class and completing the assigned readings will be essential to successfully completing this course. I will drop your two lowest quiz grades to allow for any unexpected events that prevent you from attending class. There will not be any make-up quizzes – no exceptions.

Problem sets will consist of end of chapter problems from Mankiw as well as questions pulled from class lectures. These will reflect the types of questions that will be on the exams. Late assignments will not be accepted—no exceptions.

In accordance with University policy, if you have three or more exams on the date of the final examination, you may reschedule it. To do so, you must contact me **no less than one week** prior to the final examination. There will not be any make-up exams – no exceptions.

There will be an opportunity for extra credit after the midterm exam. I will provide details about the assignment then.

Grades will be assigned according to the following scale:

A+	100-97
A	96-94
A -	93-90
B+	89-87
B	86-84
B -	83-80
C+	79-77
C	76-74
C -	73-70

D	69-60
F	< 60

5. SCHEDULE OF TOPICS, ASSIGNMENTS, AND EXAMS

<u>Date</u>	<u>Topic</u>	<u>Reading*</u>
8/28	Syllabus Overview, Intro to Macro	Syllabus
8/30	The Science of Macroeconomics	M Ch 1 Lucas (2011) “What Economists Do” SV Ch 1
9/4	The Data of Macroeconomics	M Ch 2
9/6	Consumer Theory	M Ch 16 Modigliani (1986) “Life Cycle, Individual Thrift, and the Wealth of Nations”
9/11	Investment Theory	M Ch 17 Higgs (1997) “Regime Uncertainty”
9/13	National Income	M Ch 3 SV Ch 2
9/18	The Monetary System	M Ch 4 Radford (1945) “The Economic Organisation of a P.O.W. Camp” Menger, “On the Origins of Money” <i>Problem Set #1 Due</i>
9/20	Inflation	M Ch 5 Kessel and Alchian (1962) “Effects of Inflation”
9/25	Unemployment and the Labor Market	M Ch 7 Alchian (1969) “Information Costs, Pricing, and Resource Unemployment”
9/27	Economic Growth I	M Ch 8 SV Ch 11
10/2	Economic Growth II	M Ch 9 Acemoglu, Johnson, Robinson (2001) “The Colonial Origins of Comparative Development” Glaeser et al (2004) “Do Institutions Cause Growth” Sala-I-Martin (1997) “I Just Ran Two Million Regression” SV Ch 11
10/4	Midterm Review	<i>Problem Set #2 Due</i>
10/9		NO CLASS, Fall Break
10/11	Midterm Exam	MIDTERM EXAM
10/16	Introduction to Business Cycles	M Ch 10 Lucas (1977) “Understanding Business Cycles”
10/18	Aggregate Demand I	M Ch 11 Hicks (1937) “Mr. Keynes and the Classics” SV Ch 3
10/23	Aggregate Demand II	M Ch 12 SV Ch 3
10/25	The Open Economy	M Ch 6
10/30	The Open Economy	M Ch 6

11/1	The Open Economy Revisited	M Ch 14
11/6	The Orthodox Monetarist School	Yeager (1956) “A Cash-Balance Interpretation” Friedman (1968) “The Role of Monetary Policy” SV 4
11/8	The New Classical School	Barro (1989) “New Classicals and Keynesians” Barro (1979) “Second Thoughts on Keynesian Economics” SV Ch 5 Problem Set #3 Due
11/13	Real Business Cycle Theory	Plosser (1989) “Understanding RBC’s” SV Ch 6
11/15		CLASS CANCELLED
11/20,11/22		NO CLASS, Thanksgiving Break
11/27	Austrian Business Cycle Theory	Garrison (1984) “Time and Money” SV Ch 9
11/29	Government Debt and Budget Deficits	M Ch 19
12/4	Is there a consensus in macroeconomics?	SV Ch 12
12/6	Final Exam Review	Problem Set # 4 Due

*Required readings are in bold

6. ADDITIONAL INFORMATION

Important Dates:

- Last day to add classes: **September 4**
- Last day to drop with no tuition penalty: **September 10**
- Withdrawal Period: **September 11 - 30**

I will be emailing students at their GMU email addresses in the event that updates to the class schedule and assignments are needed. GMU email address. Students are responsible for checking this email regularly. *Students must use their MasonLive email account to receive important University information, including communications related to this class. I will not respond to messages sent from or send messages to a non-Mason email address.*

Mason is an Honor Code university; please see the Office for Academic Integrity for a full description of the code and the honor committee process. The principle of academic integrity is taken very seriously, and violations are treated gravely. What does academic integrity mean in this course? Essentially this: when you are responsible for a task, you will perform that task. When you rely on someone else’s work in an aspect of the performance of that task, you will give full credit in the proper, accepted form. Another aspect of academic integrity is the free play of ideas. Vigorous discussion and debate are encouraged in this course, with the firm expectation that all aspects of the class will be conducted with civility and respect for differing ideas, perspectives, and traditions. When in doubt (of any kind) please ask for guidance and clarification.

If you have a documented learning disability or other condition that may affect academic performance you should: 1) make sure this documentation is on file with Disability Services (SUB I, Rm. 4205; 993-2474; <http://ds.gmu.edu>) to determine the accommodations you need; and 2) talk with me to discuss your accommodation needs.

George Mason University is committed to providing a learning, living and working environment that is free from discrimination and a campus that is free of sexual misconduct and other acts of interpersonal violence in order to promote community well-being and student success. We encourage students who believe that they have been sexually harassed, assaulted or subjected to sexual misconduct to seek assistance and support. [University Policy 1202: Sexual Harassment and Misconduct](#) speaks to the specifics of Mason's process, the resources, and the options available to students.

Notice of mandatory reporting of sexual assault, interpersonal violence, and stalking: As a faculty member, I am designated as a "Responsible Employee," and must report all disclosures of sexual assault, interpersonal violence, and stalking to [Mason's Title IX Coordinator](#) per [University Policy 1412](#). You may seek assistance from Mason's Title IX Coordinator, Jennifer Hammat, by calling 703-993-8730 or email cde@gmu.edu. If you wish to speak with someone confidentially, please contact one of Mason's confidential resources, such as [Student Support and Advocacy Center \(SSAC\)](#) at 703-993-3686 or [Counseling and Psychology Services \(CAPS\)](#) at 703-993-2380. The 24-hour Sexual and Intimate Partner Violence Crisis Line for Mason is 703-380-1434.

For extra credit, please send me a cute picture of a dog before Thursday, August 30