

ECON 311: INTERMEDIATE MACROECONOMICS

George Mason University

Spring 2024

Instructor: Tim Groseclose

Teaching Assistant: Prad Sharma

Location: Thompson Hall Room 2021

Time: MW 12:00PM-1:15 PM

Introduction: Welcome to Intermediate Macroeconomics. This is an upper level course where we study and apply the canonical models of macroeconomics. Unlike Microeconomics, where the unit of observation is the individual or households, macroeconomics is concerned with understanding the economy in its aggregate. Generally, this is a country but can also be a state or region.

The foundational questions of Macroeconomics involves a generalized approach to explain the cross country differences in economic outcomes. The two primary questions we are concerned with are: 1) Why did some countries grow rapidly while others did not? and 2) What causes fluctuations in the economy and what role does policy play in both mitigating and causing these fluctuations?

In this course, we will cover the fundamental concepts of macroeconomics. We will study national income accounts, growth, business cycles, money, and policy decisions that revolve around these concepts. We will also briefly cover the micro-economic foundations of macroeconomics. As you may notice, the concepts and questions we cover in macroeconomics are complex and the models we cover may seem reductive in nature. Institutions and Political Economic factors play a significant role in answering the questions that concern macroeconomists. While we want you to think through these factors as you take this course, the course is designed to teach you to understand and analyze aggregate data and use macroeconomic models in the way almost all central bankers, policy makers, and economists utilize them.

Prerequisites: ECON 103 and 104 or permission of instructor. You will frequently see exponential and logarithmic functions in this course. There will also be a little bit of calculus used in some lectures. I will provide an overview to these concepts in the lecture on the foundations for Growth Theory. In the meantime, you can use resources available online if you want an introduction or revision for these mathematical concepts. YouTube is a good source and channels like Khan Academy provide a good overview.

Textbook: The primary textbook for this class is *Macroeconomics* by N. Gregory Mankiw (Worth Publishers, 2022, ISBN: 1319388051, 9781319388058). The bookstore will have the 11th edition of the textbook. You are welcome to use any of the previous editions beginning the 8th edition of the book.

Additional resources including papers and handouts will be uploaded to Blackboard.

Listed below are additional texts and resources that might be helpful for the class or useful if you want to dive further into studying macroeconomics.

- Marginal Revolution University <https://mru.org/teacher-resources/courses/principles-macroeconomics>: This is a useful place with fun videos that will give you a general introduction to most of the topics we cover. You can use this either as a refresher to your principles classes or as an aid to the material covered in this course.
- Snowdon, B. and Vane, H.R. (2005) *Modern Macroeconomics: Its Origins, Development and Current State*. Edward Elgar Publishing, Cheltenham. (A comprehensive book on the history of macroeconomics)

A Note on the Course's Teaching Structure and a Disclosure:

The fact that this course (and the specific section that I'm teaching) is being offered this semester is somewhat fortuitous. My contract required me to teach two courses this semester. My plan was to teach Econ 100 ("Economics for the Citizen") and a PhD course, Econ 895 ("Structural Models of Econometrics"). However, only four students registered for the latter course. GMU requires at least 6 students to register in order for the professor to receive credit for teaching a course. Because of this, somewhat at the last moment, I was asked to teach an alternative or additional course.

Worse for me, this meant that, within a short timeframe, I needed to design a new course, including doing things like write a syllabus, create homework and test problems, and choose a textbook (as well as read it!). Fortunately, Prad Sharma, my research and teaching assistant came to the rescue. He had taught a version of Econ 311 during a prior semester. He offered to send me his syllabus and even to do some of the lecturing if I taught 311.

So that's what he and I are doing. This course largely follows the one that he originally designed, and he will be the lecturer for many of the class sessions.

So here's the disclosure: The main focus of my research and teaching has been in microeconomics and econometrics, not macroeconomics. Moreover, I am somewhat of a macroeconomics skeptic. That is, I don't think the field has progressed nearly as much as microeconomics or econometrics. In fact, I believe that 250 years from now scholars will look at current-day macroeconomists much the way that we look at the blood-letting doctors of the 1750s – that they really didn't know what they were talking about.

So if Prad and I seem to have different approaches or views on a topic, remember he probably has more expertise than I do! Further, he is much less a macroeconomics skeptic than I am. So, for many reasons, if we disagree, you might want to listen to him instead of me.

I expect Prad to teach many, and perhaps most, of the sessions. However, I plan at least to attend almost all the sessions and occasionally to add my input to his lectures. Likewise, I have asked him to add his input during my lectures.

Given that we may occasionally disagree on some points, I hope that this will make the course more lively and interesting. Nevertheless, it might cause some concern to students. That is, some may think “The two instructors are telling us two different views. Which do I use on exams and homework assignments?” Please don’t worry if you have such thoughts. If Prad and I differ on any point, the homework or exam question will be qualified with a phrase such as “According to your textbook, ...” or “According to the view of such and such economist, ...”

Course Pages:

1. Blackboard: <https://mymasonportal.gmu.edu/>

Office Hours:

Tim Groseclose

Email: tingroseclose@gmail.com**Office:** 1F Carrow Hall**Office Hours:** Tuesdays, 9:00am-10:15am

Prad Sharma

Email: psharm6@gmu.edu**Office:** Zoom**Office Hours:** Mondays, 10:00am-11:30am

Meetings are also available by appointment. Appointments can be set via email.

Important Dates:

First Day of ClassJanuary 17th, 2024

Midterm #1Feb 26th, 2024

Midterm #2 April 8th, 2024

Final ExamMay 6th, 2024

For complete details on official dates for the university see https://registrar.gmu.edu/calendars/spring_2024/

Class Policy: This class will be held in person. I do not require you to attend class. However, 5% of your grade is determined by your active participation in the course. Thus attending class and participating can go a long way towards your success. Furthermore, lectures are the most important part of this course. Thus I highly encourage you to attend classes. It is your responsibility to stay current on any information provided during the class.

Grading Policy: Homework Assignments (25%), Participation (5%), Exam 1 (20%), Exam 2 (20%), Final Exam (30%).

Final Grades:

A+	97%-100%
A	90%-96%
B+	87%-89%
B	80%-86%
C+	77%-79%
C	70%-76%
D	60%-69%
F	$\leq 59\%$

decimal points .5 and above will be rounded up and decimal points .49 and below will be rounded down.

Exams: You will have 3 exams in this class: two midterms and one final exam. Each mid term exam is worth 20% of your final grade. The final exam is worth 30% of your final grade. A significant portion of the exam questions will be similar (but not necessarily identical) to the questions in your homework assignments. Thus doing your homework on time will help prepare you for the exam. You are required to take the exams on the scheduled date. With few exceptions, students must take the exams on the scheduled date.

Challenging Exam Grading: If I committed an arithmetical error in calculating your exam grade, please notify me as soon as you discover the error. I will correct the mistake immediately. Otherwise, any objections you have to the way I grade your exams must be expressed to me in writing. Submit to me a typed paragraph or two explaining why you believe that your answer deserves more credit than I gave it. If you do this, however, I (or more likely, a previous year's t.a.) will re-grade your entire exam. It is possible that the re-grade will lower your score.

Early and Late exams: With few exceptions, you must take the exam at the required time. To take it late and not be assessed a penalty, you must have been hampered by an illness or a death in your family. (I will require proof such as a doctor's note or funeral program.) If you miss the exam for any other reason, I'll allow you to take it late, but you will be assessed a 30 point late penalty. Regardless of whether you have an excuse to take the exam late, to take the exam late you must notify me – by email no later than 24 hours of the scheduled time of the exam – that you missed the exam. To take the exam early, you must have a good excuse. Basically, the only allowable excuses will involve another course or an official GMU event – e.g. a varsity athletic competition. Other excuses – e.g. “My boss required me to work” or “I had to attend my sister's wedding” – are not allowable. If you take the exam early, I will strongly prefer – and may require – that you take the exam earlier on the day of the exam. This will most likely be 7:45am. To take the exam early, you must send me a written request at least five days before the scheduled beginning of the exam.

Homework Assignments: Homework assignments compose 25% of your final grade. You will have 8 homework assignments plus one syllabus quiz. Homework is due by

12:00 PM on the due dates. You can turn in late work. However, your original grade will be multiplied by 0.7 for any homework that is submitted late. Homework must be submitted using the link available on Blackboard under the Assignment tab.

Note: Any homework submitted after **5:00PM on Thursday May 2nd 2024** will receive a score of 0.

Homework	Questions	Due Date
Syllabus Quiz	On Blackboard	January 29, 2024
1	TBA	February 5 , 2024
2	TBA	February 12, 2024
3	TBA	February 21, 2024
4	TBA	March 13, 2024
5	TBA	March 25 , 2024
6	TBA	April 3, 2024
7	TBA	April 17, 2024
8	TBA	April 24, 2024

Brown M&M's: The rock band Van Halen used to specify in its contract with concert promoters that the promoter must provide M&M's in the backstage area but "Warning: Absolutely no brown ones." The lead singer, David Lee Roth, explained that the provision was a check to see if the promoter actually read the contract. The band had an intricate stage and sound design. As Roth explained, "If I came backstage, having been one of the architects of this lighting and staging design, and I saw brown M&Ms on the catering table, then I guarantee the promoter had not read the contract rider, and we would have to do a serious line check [of the entire stage setup]."

Tentative Course Outline:

While unlikely, I reserve the right to change the schedule with adequate notice.

Week 1 (Jan 14th - January 20th): Course overview and review of economic concepts.

Jan 17th: The Science of Macroeconomics and modelling

Read: *Mankiw Ch.1*

Syllabus Quiz: **Due Jan 24th**

Week 2 (Jan 21st - Jan 27th): Measuring in Macroeconomics.

Jan 22nd: The Data of Macroeconomics

Jan 24th: Unemployment

Read: *Mankiw Ch.2*

Week 3 (Jan 28th - Feb 3rd): Introduction to National Income Accounting.

Jan 29th: Production Functions; National Income Accounting I

Jan 31st: National Income Accounting II

Read: *Mankiw Ch. 3*

Week 4 (Feb 4th - Feb 10th): Introduction to Money.

Feb 5th: The What and How of Money

Feb 7th: Money Cont.

Read: *Mankiw Ch. 4*

Week 5 (Feb 11th - Feb 17th): Inflation.

Feb 12th Inflation I.

Feb 14th Inflation II

Read: *Mankiw Ch. 5*

Week 6 (Feb 18th - Feb 24th): The Open Economy

Feb 19th: The Open Economy

Feb 21st: The Open Economy Cont.

Read: *Mankiw Ch 6*

Week 7 (Feb 25th - March 2nd): Exam 1 and Unemployment.

Feb 26th: Exam 1

Feb 28th: Unemployment and the Labor Market

Read: *Mankiw Ch. 7*

Week 8 (March 3rd - March 9th): Spring Break

No Classes this week

Week 9 (March 10th - March 16th): Growth Theory*March 11th:* Foundations of Economic Growth; The Basic Growth Model*March 13th:* Introduction to the Solow Model**Read:** *Mankiw Ch. 8; Ch. 9 Basic Growth**Homework 6: Due by July 24th***Week 10 (March 17th - March 23rd):** Dynamics of Growth*March 18th:* Population and Technological Growth*March 20th:* Beyond the Solow Model**Read:** *Mankiw Ch. 9, Mankiw Romer & Weil (1992) On Blackboard***Week 11 (March 24th - March 30th):** Introduction to Business Cycles*March 25th:* Introduction to Business Cycles*March 27th:* The AD-AS Model**Read:** *Mankiw Ch 10***Week 12 (March 31st - April 6th):** The IS-LM Model*April 1st:* Goods Market and the IS-Curve*April 3rd:* Money Markets and the LM curve**Read:** *Mankiw Ch 11***Week 13 (April 7th - April 13th):** Applying the IS-LM Model*April 8th:* Applying the IS-LM model: The Great Depression*April 10th:***Read:** *Mankiw Ch 12***Week 14 (April 14th - April 20th):** Exam II and Austrian Business Cycle Theory*April 14th:* Exam II*April 17th:* Austrian Business Cycle Theory**Read:** *ABCT Handout***Week 15 (April 21st - April 27th):** Topics in Macroeconomic Policy*April 22:* Evaluating Policy Decisions through an Economic Lens*April 24:* TBA**Read:** *Mankiw Ch 18, Additional handouts may be uploaded to Blackboard***Week 16 (April 28th - May 4th):** Review and Finals Prep*April 29th* Finals Review

Week 17 (May 6th): Final Exam**Details:**

Note that the final exam is scheduled by the University. Thus the date and time will not be changed. The exam will be held on May 6th from *10:30 AM to 1:15PM* in the classroom.

Academic Honesty: I expect you to adhere to the Mason honor code. The complete honor code can be found here: <https://oai.gmu.edu/full-honor-code-document>. Please ensure that the work you submit is your own.

ADA accommodations: Students with disabilities who seek accommodations in a course must be registered with George Mason University Disability Services. Approved accommodations will begin at the time the written letter from Disability Services is received by the instructor (see <https://ds.gmu.edu>).

Title IX: As a faculty member, I am designated as a “Non-Confidential Employee,” and must report all disclosures of sexual assault, sexual harassment, interpersonal violence, and stalking to Mason’s Title IX Coordinator per University Policy 1202. If you wish to speak with someone confidentially, please contact one of Mason’s confidential resources, such as the Student Support and Advocacy Center (SSAC) (New Window) at 703-380-1434 or Counseling and Psychological Services (CAPS) at 703-993-2380. You may also seek assistance or support measures from Mason’s Title IX Coordinator by calling 703-993-8730, or emailing titleix@gmu.edu.