

Intermediate Macroeconomics

ECON 311.001, Fall 2016
Tuesdays & Thursdays, Noon—1:15pm
L111 Exploratory Hall

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Office Hrs: Tues/Thurs 9:15am to 10:30am **Phone:** (email is best)

Textbook & Supplemental Readings

N. Gregory Mankiw. (2016), *Macroeconomics, 9th Edition*, New York: Macmillan Publishers. [ISBN 1464182906] A companion study guide is available and recommended, but not required. The 8th edition is also acceptable but you are responsible for mapping the chapters to the syllabus if you use the 8th edition.
Dewey, Donald (1963), "[The Geometry of Capital and Interest: A Suggested Simplification](#)," *The American Economic Review* 53 (1), pp. 134-139.
Hayek, F. A. (1945), "[The Use of Knowledge in Society](#)," *The American Economic Review* 35 (4), pp. 519-530.

Course Objective

To develop an understanding of aggregate economic accounts, including measurement of national income; the determinants of levels of income and output; and the causes and solutions for problems of unemployment, inflation, and economic growth.

Course Prerequisites

ECON 103 (Microeconomic Principles) and ECON 104 (Macroeconomic Principles)

Course Readings

Keep up with the textbook readings. There are useful blogs listed on my web page for this course. For best results, read the assigned readings before class. Two supplemental readings (Dewey and Hayek) are also included.

Grading

Grades are based on 3 homework assignments, 2 in-term exams, 1 short essay, and a final exam (given during the time listed in the *Schedule of Classes*). These are weighted for your final grade as follows:

(3) Homework Assignments (5% each)	15%
(1) Short Essay	10%
(2) In-Term Exams (25% each)	50%
Final Exam (not comprehensive)	25%

Assignments are due at the beginning of class on the due date. Late assignments assessed one letter grade penalty per calendar day (or fraction) late. If I have to print out your assignment(s), you are imposing a cost on me for which there is a one letter grade penalty each time you impose this cost. There are no extra credit assignments.

Homework

The (3) homework assignments are designed to help you understand and apply the important concepts of the course. You may work in groups to solve the homework, but each student must turn in his or her own copy of the assignment to receive credit.

Essay

A 500-word essay is due near the end of the semester. More information on the essay and grading criteria below.

Exams

Exams are typically true/false, multiple choice, and problems/short-answer and questions are based on the assigned readings and class lectures. You'll need a Scantron answer sheet, a calculator, and pencil for each exam. There are no make up exams.

Disability Resource Center

If you are a student with a disability who needs academic accommodation, contact the Office of Disability Services at 703.993.2474 or <http://ods.gmu.edu>. Any accommodations must be arranged in advance through that office.

Attendance

Attendance is not mandatory; however, as an adult, you know you'll do better if you attend class regularly. In addition, some material that we go over in class is not found in the textbook. For more tips on semester success, go to the course website and look for "Tips" on the course page.

Honor Code

Students are expected to know and to follow the George Mason University Honor Code.

Revised Course Outline*

	2016 Dates*	Topics	Mankiw Chapter*
Long-Run, Classical Model	8.30	Introduction & Course Overview	1
	9.1—9.6	National Income and Product Accounting (NIPA) —Measuring the Wealth of Nations and other Macro Aggregates	2**
	9.8—9.13	(Y) Productivity, Output, and Employment —Production and Distribution of the Wealth of Nations	3
	9.15—9.20	(C) Consumption —Further Consideration of Household Decisions to Spend & Save (HW#1 Due 9.20)	16
	9.22	(I) Investment —The Capitalists' and Entrepreneurs' Decisions to Save and Invest	17 & Dewey
	9.27	1st IN-TERM EXAM Last Day to Drop: 9.30.2016	
Short-Run Models	9.29—10.6	Money —Basics of Money Supply & Demand	4
	10.11	Tuesday Classes do NOT Meet	
	10.13—10.18	Inflation —How money, spending, and output affect price levels	5 & pp. 327-330
	10.20—10.25	Unemployment —Clearing the labor market through "L" rather than "w"	7
	10.27—11.1	Business Cycles —Shorter-run patterns of boom or bust in the Wealth of Nations. (HW#2 Due 10.27)	10
	11.3	2nd IN-TERM EXAM	
Very Long-Run Model & Policy	11.8—11.15	Macroeconomic Growth I —Why are some nations wealthy and others not?	8
	11.17—11.22	Macroeconomic Growth II —Theoretical Predictions and Practical Applications	9
	11.23—11.27	THANKSGIVING BREAK	
	11.29—12.1	Monetary Policy and Stabilization —Can policymakers stabilize the overall economy? What's in their objective functions? (Essay Due 12.1)	18 & Hayek
	12.6—12.8	Fiscal Policy and Government Debt —How do taxes and borrowing affect the overall economy? Do G's financing choices matter? (HW#3 12.6)	19
	12.15	FINAL EXAM —10:30am to 1:15pm !!!NOTE Earlier Start Time!!!!	

* Schedule subject to change due to weather and/or other factors. Mankiw Chapter based on 9th ed.; while author name refers to supplemental readings listed above.

** Read also [Cochran \(2004\)](#), "Of Contracts and the Katallaxy..." linked on the "Research" page of my website.

Essay

Description and Instructions

Value: 10 semester points

Paper Length: Your essay should be about 500 words long; that is, about 2 typewritten double-spaced pages—not counting graphs, tables, footnotes or other supporting material.

Objective: To describe, analyze, and recommend a solution to a macroeconomic policy problem or issue that I will assign.

Think of these essays as if you were an analyst on the White House staff, and you were asked to write a brief on some selected policy problem. You'll need to get to the point quickly and keep your ideas pertinent to the problem you are asked to analyze. You must also make a recommendation about what should be done, and you should write clearly.

The most difficult aspect of this assignment for most of you will be to write briefly and to remain on point. Remember, you only have a 500 word budget; use it wisely. Wordiness will be penalized.

Method: One suggested approach is to devote the first paragraph to introducing the macroeconomic issue under study. This introduction should clearly setup the problem and motivate the reader to care about the assigned policy issue. The next few paragraphs constitute the bulk of the paper should be devoted to analyzing the issue/problem (using models, data, graphs, and tables as needed) and analyzing the problem using economic tools (such as supply and demand, elasticities, profit or utility maximization, and so on). To score well, you must clearly apply at least one tool or model from economics to analyze the problem. You should clearly describe what your analytical tool(s) and the results they produce say about the problem. You should then conclude your essay with a paragraph containing a specific recommendation that you believe, based on your preceding analysis, will address the issue under study.

As with homework assignments, you may work in study groups to solve/address the macroeconomic issue assigned. Each student however must write and submit his/her own paper. You must, therefore, be **very** careful about plagiarism. All data sources and other references should be clearly indicated in either footnotes or in an attached Bibliography/References. There are electronic tools available to detect the submission of internet-purchased papers. *Do not submit another's work as your own. Papers bearing close resemblances in wording to each other will **both** receive zeroes.*

Essay Grading Criteria

This section describes the criteria I will apply when grading the essays. Recall from the description sheet above that I would grade according to: (a) how well you followed the instructions; (b) the quality of your analysis, and (c) the style of your exposition.

A. Were the Instructions followed? (2 points) The ability to read, understand, and follow instructions is a useful lifelong skill that, sadly, many adults never master.

1. **Tool Usage**—was an analytical tool explicitly used? (e.g., a supply and demand model, intertemporal choice, housing investment, etc.) *If the paper omitted a model, it will be difficult to score well on the next*

criteria as well as on Section B. The entire purpose of this essay exercise is to see how well you apply an economic model to a practical problem.

2. **Results**—did the paper describe the results that the analytical model predicts?
3. **Recommendation**—did the paper make an explicit policy recommendation?
4. **Length**—did the paper adhere to the length, formatting, and citation requirements?

B. Analytical Quality (6 points) This is central point of the exercise. Can the student take an economic model, apply it to a problem of his/her choosing, and draw a conclusion by manipulating the model?

1. **Pertinence (1)**—is the analytical model relevant to the problem being analyzed?
2. **Sound Reasoning (2)**—is the analysis sound?
3. **Accuracy (2)**—are the conclusions drawn from the model correct?
4. **Logical Coherence (1)**—does the paper's policy recommendation proceed logically from the analytical results? If not, is there a justification for the deviation?

C. Style (2 points) Following instructions and sound reasoning tend to get lost if one's ideas are presented sloppily or incoherently.

1. **Grammar**—were there just a few grammatical errors (spelling, diction, s/v agreement, sentence structure, etc.)?
2. **Coherence**—is the paper coherently written? (i.e., does the prose follow a logical chain of progression and can the reader follow the argument easily)