

Economics 311

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Intermediate Macroeconomics

Fall 2016

Instructor: Garrett Jones, Associate Professor of Economics

Office Hours:

Wednesday, 1:30pm-3pm, Carow Hall 8A, and most Tuesday afternoons 3pm-4pm outside the JC Starbucks.

This semester we'll study the canonical models that central banks, investment banks, and the best economics departments draw upon to explain both the wealth of nations and short-term business cycles. The focus will be on the models rather than the data, but we'll spend quite some time looking at tests of the models, usually empirical horse-races between competing theories. If you do well in the course, you'll be better equipped to distinguish between reasonable macroeconomic ideas and nonsense, a useful skill in many situations.

Since most of you have been exposed to the key models in your principles course, I hope to spend less time dwelling on the basics and more time on the core insights and on applications. To succeed, you'll need to read the chapters in advance. At least for the first few weeks I'll have you take short, easy, 5 minute quizzes to make sure people are reading. Read chapters 1 & 2 over the first weekend.

We will use a lot of algebra in the course, and a small amount of calculus. We'll use natural logarithms ($\ln x$) and the exponential function (e^x) repeatedly.

As part of the course, each of you will become experts on two countries: One with a PPP-adjusted GDP per person of between \$15,000 and 25,000 per year, and one with an income per person of greater than \$35K/year. Your eventual goal will be for you to compare and contrast these two countries: Why does one country just do OK while the other is close to the economic frontier? But we'll build up your knowledge about these two economies piece by piece: by the end of the second week, I should be able to ask each of you to tell your classmates a few basic economic facts about your two countries, so together we'll all learn more about the economies of a few dozen countries. By the end of the semester, we'll be trying to get a sense of which countries are good places to invest and which are places for investors to avoid.

I'll use a lottery to decide whom to question: So every few classes, I'll randomly select a few students to tell us about, say, the 10-year growth rate of the standard of living or the average interest rate in her or his two countries. It's also a good idea to read long Bloomberg-style treatments of your two countries to get the big picture. The St. Louis Fed's *FRED* database is invaluable because it's so well organized. Each time your name is drawn, it's 1% of your semester grade at stake. I'll announce the topics in advance, it's graded pass/fail, and there are zero opportunities to make it up if you've missed class that day.

I'll approve your country choices: for instance, the US isn't permitted since we'll cover them both regularly, and we want to avoid tiny countries and countries that are mostly resource-driven as well. The same country can't be chosen twice, so have a couple of choices by Monday: We'll use a lottery if multiple people pick the same country and can't quickly come to an agreement.

With one exception, I haven't included additional readings on the syllabus. We'll informally cover quite a lot of articles during class time. If an article is formally assigned, I'll put it up on Blackboard.

Remember, one learns economics largely the way one learns to play the piano: by practicing, not by reading books about it. Working on end of chapter questions and old exams is a good idea.

Required Books:

Mankiw, *Macroeconomics*, Macmillan Publishers. I've assigned the 9th edition. The 8th edition is OK, but earlier editions make poor substitutes. This is the leading intermediate macroeconomics text, written by a Harvard professor who served as Chairman of the President's Council of Economic Advisers. He is a major figure in economic growth research and in New Keynesian business cycle theory.

Jones, *Hive Mind: How your nation's IQ matters so much more than your own*, Stanford University Press, 2015. A Forbes review is [here](#), and it's been widely discussed online. In particular, economist Garrett Petersen of Simon Fraser University [interviewed me](#) for a podcast about the book, and he wrote up a summary as well.

Additional Readings

I will assign some additional required readings; I will always include links or PDFs via Blackboard. Blackboard will contain the *final, complete* record of additional readings.

Course Outline

(chapters from 9th edition, adjust accordingly)

Unit 1: The Flexible-Price World and the Classical Open Economy

Lucas, "What Economists Do"

Mankiw, Chapters 1-6

Hive Mind, Preface, Introduction and Chapters 1-4.

Exam 1: 20% of grade, on Thursday, September 29.

Unit 2: The Labor Market and Economic Growth

Mankiw, Chapters 7-9

Hive Mind, Chapters 5-10.

Exam 2: 20% of grade, Thursday, October 27.

Unit 3: Sticky-Price Fluctuations

Chapter 10-13

Exam 3: 20% of grade, Thursday, November 17.

Unit 4: Phillips Curves, The 3-Equation Model, and Investment.

Chapter 14-15, 17.

Last day of class before finals: Thursday, December 8.

Final Exam, at the time scheduled by GMU: Tuesday, December 13, 1:30pm.

Please plan accordingly.

I reserve the right to slightly alter the syllabus (deleting or shifting a chapter, for instance), as well as to require additional readings over the course of the semester.

Honor Code

Please keep in mind that George Mason is an Honor Code University. All forms of academic dishonesty are forbidden in this course. Exams must entirely reflect your own work.

Grading

I will drop the lowest non-final exam score: This will take the place of makeup exams. The final cannot be dropped.

Quizzes and Homework:	15%
Exams:	20% (3, lowest dropped)
Final:	35% (mandatory)
Class participation/Countries:	10%

I will also provide sample exam questions at least one week before the midterm and the final. The final will be largely but not fully comprehensive: I will list the omitted chapters and readings well before the final exam. Non-textbook readings will not be comprehensively tested. No extra credit will be offered: Good exam scores and good homework scores are your path to success in this course.

Communication

I encourage you to come to my office hours and to contact me via e-mail. University policy is that I should only correspond to students through their GMU email accounts, so please contact me through your gm.u.edu email. I particularly hope that we'll be able to use Blackboard successfully in this course.

Students with Disabilities

I am happy to make all necessary accommodations for students with disabilities. University policy states that students who would like to request such accommodations should first contact GMU's Office of Disability Services.

To repeat: Final Exam, at the time scheduled by GMU:

Tuesday, December 13, 1:30pm.

Please plan accordingly.