

ECONOMICS 410 Public Choice

Spring 2017

Location: Planetary 120

Days and Time:
Tuesday & Thursday 7 - 10 PM
Saturday 8:30 - 11:30 AM

Instructor: Eric Hammer

Email: ehammer@gmu.edu

Office Hours: Saturdays, 12 - 2 pm. Other days and times by appointment.

TEXTBOOK: Modern Principles: Macroeconomics 2nd ed. by Cowan and Tabarrok. The 3rd edition is ok as well, as the book didn't change much and the course will not be totally predicated on the text.

Course Objectives: The lectures and readings in this course are designed to familiarize students with the fundamentals of macroeconomic theory. The central focus this course takes is to create an understanding of the process of price formation in a free exchange economy, and how that drives specialization and exchange. A wide variety of market institutions such as the price system, monetary system, the profit-loss system, speculation, financial intermediaries, and the structure of production are explored for their coordinative roles with respect to aggregate economic activity. Also, we will examine the economics of public choice that highlights the elementary dynamics of the political marketplace. Finally, the basic microeconomic and macroeconomic principles are applied to a wide variety of larger economic issues such as inflation, unemployment, national income, economic growth and development, the business cycle etc.

Grading: There will be two exams for the course: one 50 minute midterm and one comprehensive final. There will also be homework assignments every class, 14 in total. The grade breakdown is as follows:

- Midterm: 25%
- Final: 35%
- Home Works: 40%

Midterm: Wed July 15, 7-8 pm, and covers content from chapters 1-10.

Final: Fri July 31, 7-9 pm, and comprehensive.

Home Works: There will be homework every class, to be handed in as a hardcopy the next class, consisting of 5-10 short answer questions based on the reading and lectures. The questions will be very similar to the exam questions, and so if you can comfortably answer them you are likely in good shape for the exam.

In addition, every student will be assigned a one page summary of the content covered in class with a few examples from your life. The summary will help me keep track of where the class is in terms of understanding. When I have the full class list I will randomize the days and students assigned that day. The homework will be graded at 10 points per assignment, out of 100; to get full points you must complete and hand in 10 assignments, and extra assignments will enhance your grade. There is a very high correlation between the amount of time spent on homework and exam grades in my experience, and so I encourage students to do every homework assignment.

Weekly Readings: This course will be following the basic structure of Cowan and Tabarrok's text book Modern Principles: Macroeconomics. Although all the relevant information for exams will be delivered in lectures, students are encouraged to read along with in the book for other examples and ways of thinking about the topics. Due to the condensed nature of the class, even a chapter per class reading schedule would not cover the entire book, and so some aspects will be rolled into others. That is to say that reading the text is not a substitute for coming to class, but perhaps a valuable supplement. (A complimentary good, if you will.) I will inform you at the end of every class what the next class's topics will be, as well as the relevant readings. The following list is a tentative schedule of topics if you want to read ahead:

1. Tuesday 5/23

- a. Review Syllabus
- b. Chap 1: Big Ideas
- c. Chap 2: Trade and Comparative Advantage

2. Thursday 5/25

- a. Chap 3: Supply and Demand
- b. Chap 4: Equilibrium
- c. Chap 5: Price Ceilings and Floors

3. Saturday 5/27

- a. Chap 6: GDP
- b. Chap 7: Wealth of Nations

4. Tuesday 5/30

- a. Chap 8: Growth theory
- b. Chap 9: Savings, Investment and Financial Systems

5. Thursday 6/1

- a. Chap 10: Stock Markets and Personal Finance
- b. Catch up and review for Midterm

6. Saturday 6/3

- a. **Midterm in first half of class (Ch 1- 10)**
- b. Chap 11: Unemployment

7. Tuesday 6/6

- a. Chap 12: Inflation and Quantity Theory of Money
- b. Chap 13: Business Fluctuations

8. Thursday 6/8 – No Class

9. Saturday 6/10

- a. Chap 13: continued
- b. Chap 14: Transmission and Amplification
- c. Chap 16: Monetary Policy

10. Tuesday 6/13

- a. Chap 16: Monetary Policy (continued)
- b. Chap 15: Federal Reserve System
- c. Chap 17-18: Fiscal Policy

11. Thursday 6/15

- a. Chap 21: Public Choice
- b. Chap 22: International Trade and Finance

12. Saturday 6/17

- a. Catch-up and Review for Final

13. Tuesday 6/20

- a. Final Exam

GRADING SCALE: I use a ten-point scale. 90-100: A; 80-89, B; 70-79, C; 60-69, D. Below 60 is an F. These numbers are firm. If the weighted average of your three exam grades is 89, you will have earned a B for the course – not an A. Please do not ask me to raise your grade. I never grant such requests. I am not in the business of giving grades: I merely report the grade that you earn.

ACADEMIC INTEGRITY

GMU is an Honor Code university; please see the University Catalog 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.

Please review the GMU honor code at <http://oai.gmu.edu/the-mason-honor-code-2/> for what is defined as plagiarizing, cheating, etc. Students caught cheating or plagiarizing will receive a zero for the assignment; future violations will be reported to the Office of Academic Integrity.

GMU EMAIL ACCOUNTS

Students must use their Mason email accounts—either the existing "MEMO" system or a new "MASONLIVE" account to receive important University information, including messages related to this class. See <http://masonlive.gmu.edu> for more information.

OFFICE OF DISABILITY SERVICES

If you are a student with a disability and you need academic accommodations, please see me and contact the Office of Disability Services (ODS) at 993-2474. All academic accommodations must be arranged through the ODS. <http://ods.gmu.edu>

OTHER USEFUL CAMPUS RESOURCES:

WRITING CENTER: A114 Robinson Hall; (703) 993-1200; <http://writingcenter.gmu.edu>

UNIVERSITY LIBRARIES "Ask a Librarian"

<http://library.gmu.edu/mudge/B4/1MRefhtml>

COUNSELING AND PSYCHOLOGICAL SERVICES (CAPS): (703) 993-2380;

<http://caps.gmu.edu>