

Intermediate Macroeconomics

INSTRUCTOR: Kaitlyn Woltz

OFFICE LOCATION: James Buchanan Hall D101

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OFFICE HOURS: Tuesday and Thursday, 4 PM – 5 PM; and by appointment

ECON 311-004

Spring 2019

Robinson Hall B111

T: 7:20 – 10:00 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, the New Keynesian school, Austrian Business Cycle theory. We will end with a discussion of macroeconomic stabilization 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.

You're welcome to use whatever technology you like in the class as long as it does not distract me or your classmates. **During quizzes and exams, however, the use of technology, e.g. cell phones, smart watches, tablets, laptops, etc., is prohibited. If I see any devices out during a quiz or exam, I will assume the student in possession of the device is cheating, meaning a grade of zero will be awarded for that assessment.**

3. COURSE MATERIALS

3.1. Required Texts:

- Mankiw, N. G. (2015). *Macroeconomics* (9th edition). New York: Worth Publishers. (M)
- Hazlitt, H. (1996) *Economics in One Lesson* (50th Anniversary Edition). Fox & Wilkes.
- I will also be assigning journal articles and selections from other texts throughout the semester. These readings will be available through blackboard.

4. EVALUATION AND GRADING

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

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|---------------------|-----|--|
| Daily Quizzes | 20% | |
| Weekly Problem Sets | 15% | |
| Midterm Exam | 30% | Tuesday, March 19 |
| Final Exam | 35% | Tuesday, May 14, 7:30pm – 10:15pm |

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. Quizzes will be administered at the beginning of each class. 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, questions pulled from class lectures, and questions related to chapters from Hazlitt. These will reflect the types of questions that will be on the exams. Problem sets should be turned in at the beginning of class. **Late assignments will not be accepted—no exceptions.**

Exams will consist of two parts: one part will consist of multiple-choice questions and the second will consist of long answer questions. I will provide loose leaf paper for students to use in taking the exam. Students will not need blue books or scantrons. **There will not be any make-up exams – 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.

Grades will be assigned according to the following scale:

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|-----|--------|
| A+ | 100-97 |
| A | 96-94 |
| A - | 93-90 |
| B+ | 89-87 |
| B | 86-84 |
| B - | 83-80 |

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| C+ | 79-77 |
| C | 76-74 |
| C - | 73-70 |
| D | 69-60 |
| F | < 60 |

5. TENTATIVE SCHEDULE OF TOPICS AND EXAMS

| <u>Date</u> | <u>Topic</u> | <u>Reading</u> |
|-------------|--|--|
| 1/22 | Syllabus Overview The Science of Macroeconomics The Data of Macroeconomics | Syllabus M Ch 1, 2 Lucas (2011) "What Economists Do" |
| 1/29 | Consumer Theory | M Ch 16 "Franco Modigliani" |
| 2/5 | Investment Theory | M Ch 17 Hassett, "Investment" Higgs (1997) "Regime Uncertainty" |
| 2/12 | National Income; Say's Law | M Ch 3 Ott, "National Income Accounts" Jean-Baptist Say |
| 2/19 | The Monetary System; Inflation | M Ch 4, 5 Radford (1945) "The Economic Organisation of a P.O.W. Camp" White, "Inflation" Schwartz, "Money Supply" |
| 2/26 | Unemployment and the Labor Market | M Ch 7 Summers, "Unemployment" |
| 3/5 | Economic Growth | M Ch 8, 9 Grier, "Empirics of Economic Growth" Acemoglu, Johnson, Robinson (2001) "The Colonial Origins of Comparative Development" Glaeser et al (2004) "Do Institutions Cause Growth" |
| 3/12 | | NO CLASS, SPRING BREAK |
| 3/19 | Midterm Exam | MIDTERM EXAM |
| 3/26 | Introduction to Business Cycles, Aggregate Demand | M Ch 10, 11, 12 Romer, "Business Cycles" Blinder, "Keynesian Economics" Mankiw, "New Keynesian Economics" |
| 4/2 | The Open Economy | M Ch 6, 14 |
| 4/9 | The Orthodox Monetarist School, New Classical School | McCallum, "Monetarism" Hoover, "New Classical Macroeconomics" |
| 4/23 | Austrian Business Cycle Theory | Boettke, "Austrian School of Economics" Econtalk episode: "Boettke on the Austrian Perspective on Business Cycles and Monetary Policy" |
| 4/30 | Government Debt and Budget Deficits Is there consensus in Macroeconomics | M Ch 19 Seater, "Government Debt and Deficits" |
| 5/7 | Final Exam Review | Final Review |

6. ADDITIONAL INFORMATION

Important Dates:

- Last day to add classes: **Tues, Jan 29**
- Last day to drop with no tuition penalty: **Tues, Feb 5**
- Student Self-Withdrawal Period: **Wed, Feb 13 – Tues, Feb 25**
- Selective Withdrawal Period: **Wed, Feb 26 – Mon, March 25**

I will be emailing students at their GMU email addresses in the event that updates to the class schedule and assignments are needed. 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 Tuesday, January 29