
Intermediate Macroeconomics

ECON 311.003, Spring 2021
Tuesdays & Thursdays, 3pm to 4:15pm
127 Planetary Hall

Instructor: Jay Cochran, PhD
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Office Hours: *No in-person Office Hours*

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Textbook & Supplemental Readings

N. Gregory Mankiw. (2016), *Macroeconomics, 10th Edition*, New York: Macmillan Publishers. Mankiw is available in a variety of formats (rental [9781319105990] , e-book [9781319106058], loose leaf [9781319106010]). Hardcover purchase version is quite expensive, at > \$300; be economical, choose an alternative format.

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. For best results, read the assigned readings before class. Two supplemental readings (Dewey and Hayek) are also included and can be accessed via Fenwick Library using jSTOR.

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 noon on the date indicated. Late assignments assessed one letter grade penalty per calendar day (or fraction) late. Turn in the paper and homeworks through Blackboard. All assignments must be typed (neatly hand-drawn and labelled graphs, if needed, are acceptable). There is no extra credit work.

Homework

The (3) homework assignments are designed to help you understand and apply important concepts of the course. You may work in groups to solve the homework, but each student must turn in their 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 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 in class is treated differently than the textbook. If you miss class, you'll need to get notes from a classmate. Electronic recording (audio or video) of class lectures is NOT permitted.

Honor Code

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

Brief Course Outline*

	2021 Dates*	Topics	Mankiw Chapter*
Long-Run, Classical Model	1.26	Introduction & Course Overview	1
	1.28—2.2	National Income and Product Accounting (NIPA) —Measuring the Wealth of Nations and other Macro Aggregates [Last Day to Add: 2.1]	2**
	2.4—2.11	(Y) Productivity, Output, and Employment —Production and Distribution of the Wealth of Nations	3
	2.16—2.23	(C) Consumption & (I) Investment —Consumption, Savings, and Investment decisions [Last Day to Drop: 2.16]	19 & Dewey
	2.25—3.2	(NX) & (G) —International Trade and the connection to government finance HW#1 Due 2.26	6
	3.4	1st IN-TERM EXAM	
Short-Run	3.9—3.11	Money —Basics of Money Supply & Money Demand	4
	3.16—3.18	Inflation —How money, spending, and output affect price levels	5 & pp. 321-323
	3.23—3.25	Unemployment —Clearing the labor market through “L” rather than “w”	7
	3.30—4.1	Business Cycles —Shorter-run patterns of boom or bust in the Wealth of Nations. HW #2 Due 3.29	10
	4.6	2nd IN-TERM EXAM	
Very Long-Run & Policy	4.8—4.13	Macroeconomic Growth I —Why are some nations wealthy and others not? How do population growth and technology affect growth?	8
	4.15—4.20	Macroeconomic Growth II —Theoretical Predictions, Measurement, and Practical Applications	9
	4.22—4.27	Monetary Policy and Stabilization —Can policymakers stabilize the overall economy? What's in their objective functions? Essay Due 4.23	16 & Hayek
	4.29	Fiscal Policy and Government Debt —How do taxes and borrowing affect the overall economy? Does G's financing choice matter? HW #3 Due 4.29	17
	5.6	FINAL EXAM—1:30pm to 4:15pm (!!!NOTE the <u>earlier</u> start time!!!)	

* Dates are approximate; schedule subject to change due to weather, pestilence, alien invasion, and/or other factors. Please note the Registrar has eliminated Spring Break this semester.

** Read also [Cochran \(2004\)](#), “Of Contracts and the Katallaxy...” linked here and on the course page of Blackboard.

Essay

Description, Instructions, and Grading Criteria

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 this essay as if you were an analyst on the White House staff, and 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 at hand.

The most difficult part of this assignment for most of you will be to write briefly while remaining economically coherent. Remember, you only have a 500-word budget; use it wisely.

Method: One suggested approach is to devote the first paragraph to introducing the issue under study. This introduction should clearly setup the problem and motivate the reader to care about the analysis that follows. The next few paragraphs constitute the bulk of the paper should be devoted to analyzing the issue/problem (using models, data, graphs, and/or tables as needed) and analyzing the problem using economic tools (such as supply and demand, elasticities, profit or utility maximization, growth theory, 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) predicts about the problem at issue.

As with homework assignments, you may work in study groups to solve/address the macroeconomic issue involved. Each student however must independently write and submit his/her own paper. You must, therefore, be very careful about plagiarism. In addition, this is an analytical exercise and NOT a research paper. That means you likely will not have any citations or references; however, if you do, any data sources and/or other external references should be clearly indicated. In that case, standard APA format is fine: Author_Last_Name (Year, p. #); such as, Cochran (2004, pp. 40-42). The key here is not the reference style per se', but to indicate that you realize the cited material is not your own work and you are therefore giving credit where it is due.

Grading Criteria: There are 3 principal criteria I will apply to evaluate your essay:

- (1) Were the **Instructions** above followed? [2 points]
- (2) Quality of your economic **Analysis**. [6 points] How sound was your economic reasoning? Was the tool/model you selected to frame your analysis appropriate and was it used correctly? Do your conclusions follow logically from the predictions of your model? Will your conclusion hold if major assumptions are relaxed? Etc.
- (3) **Style** [2 points] Was your exposition (grammar and coherence) of sufficient quality to convey your ideas accurately?