

Economics 615

Macroeconomics

Term: Spring 2020: Online Course
Instructor: Garrett Jones
Office hours: Tuesday, 3pm-4pm (Zoom: Open to the Public)
Wednesday, 7pm-8:30pm (Zoom: For 615 only)
Gladly by appointment (Zoom, and email replies within 24 hours, M-Th)
Email: gjonesb@gmu.edu
(Please include “615” in subject line)
Blackboard: courses.gmu.edu
(Blackboard is crucial to this course, and contains **most** of the teaching material)

The Only Two Fixed Appointments of the Semester

March 4, 3pm: Midterm

May 6, 3pm: Final

Welcome to the course! We’ll begin the course with the most important questions in macroeconomics, and then move to questions that are often, alas, more popular: We start with the wealth of nations and move on to the study of short-run output fluctuations.

As a coda, we’ll close the course with a study of financial economics, which overlaps substantially with macro and which gives us one more chance to compare theory against data.

Prerequisites

I will assume that all students in this course are comfortable with correlation, standard deviation, and other elements of basic statistics. I also assume that you have completed a principles of economics course and have taken either intermediate macroeconomics OR intermediate microeconomics. I also assume familiarity with differential calculus; MA mathematics for economists (e.g., GMU’s Econ 630) or equivalent is strongly preferred. If you have concerns about these prerequisites, please feel free to discuss your concerns with me.

Required Texts

Main text: A survey of the new canon

Intermediate Macroeconomics, Garin/Lester/Sims, 2020. [Freely available here](#), at Chris Sims’s homepage.

Applied macro: Why did rich-country growth slow down?

Fully Grown, Dietrich Vollrath, 2020, Princeton University Press.

A critique of macroeconomics by an insider’s outsider

Specialization and Trade, Arnold Kling, 2016, Cato Institute.

The Garin/Lester/Sims (GLS) textbook is far more of a master’s level book than an undergraduate book, as you’ll see.

I take Chapter 1 of GLS, on macroeconomic data, largely for granted: I presume you’ve learned this material before this course. This includes the definition of GDP, the difference between real and nominal, and the basics of labor market statistics. I’ll review this—it’s a great source of what we call “stylized facts”—but I treat it as review, not as new material.

Additional Course Material

The article-length readings listed below are not a complete list.

Blackboard's "**Learn Here: Weekly Lessons**" folder is the place to search for the full list of course material, which will include my slides as well as assigned videos and additional readings. Also, keep track of my weekly emails, which Blackboard will retain under "Announcements": Those emails will sometimes include short lectures on course material.

Note that in many cases, especially with Elsevier and Springer articles, you can get access to academic articles by appending "mutex.gmu.edu" to the first part of the web address and then logging in through GMU's proxy server.

I may assign a few articles from the *New Palgrave Dictionary of Economics*, as well, to which GMU subscribes; for years I was an associate editor at the *New Palgrave*, so I know its macro contents fairly well. I recommend it for a deeper dive into many issues.

Thin Course Outline including only Major Reading Assignments

Complete list on Blackboard, under each Weekly Lesson

Week 1: Jan 25

The Furniture of Modern Macroeconomics

Garin/Lester/Sims (GLS): Chapters 1-3

Week 2: Feb 1

The Power of Solow and the Lucas Paradox

GLS 4-5

Robert Lucas, 1990, "Why Doesn't Capital Flow From Rich to Poor Countries?"

Week 3: Feb 8

A Deeper Dive into Solow and Taking Solow to the Data

GLS 6 & 7

Sala-i-Martin, "I just ran four million regressions." [SFT: Skim, look at figures and tables.]

Week 4: Feb 15

Slow Growth on the Frontier

Vollrath

Week 5: Feb 22

Why Do Institutions Differ Across Countries?

Chapters 1 & 6 of *Hive Mind*, Chapter 1 of *The Assimilation Myth*.

Jones, "Do immigrants import their economic destiny?" *Economics*.

Week 6: Mar 1

Optimal Capital Taxation—and the Midterm, Thursday, Mar 4, 3pm-4:30pm.

Week 7: March 8

GLS 9, 10.

Chang-Tai Hsieh, “Do consumers react to anticipated income changes? Evidence from the Alaska permanent fund,” *American Economic Review*.

I suggest reading Kling’s *Specialization and Trade* off-and-on throughout the second half of the course—but I’ll reserve my formal discussion of his book until the final week.

Week 8: March 15

General Equilibrium in an Endowment Economy—and a toy Keynesian economy; Labor Decisions

GLS 11-12

Week 9: March 22

Fiscal & Monetary Policy Policy in a Production Economy

GLS 13 & 14

Valerie Ramey and Russ Roberts, *EconTalk* on the government purchases multiplier.

Week 10: March 29

Fisher and Classic Monetarism

GLS 21

Week 11: April 5

The Links Between Fiscal and Monetary Policy

Sargent, “Ends of Four Big Inflations”

Reinhart and Rogoff, *This Time is Different*, Sections 1, 2, 8. NBER Paper.

Week 12: April 12

Dynamic Labor Markets

GLS 17

“[European Vacation](#),” *Minneapolis Fed*.

“[Interview with Thomas Sargent](#),” *Minneapolis Fed*.

Week 13: April 19

Banks and Runs and 2008

GLS 31, 33

Jones, “Speed Bankruptcy: A Firewall to Future Crises.”

Footo and Willen, “The Subprime Mortgage Crisis” in *Banking Crises: Perspectives from the New Palgrave*, available online via GMU library.

Week 14: April 26

Bonds and Bubbles and the Wisdom of Fama

GLS 34, 35

Fama, Nobel Lecture, “Two Pillars of Asset Pricing,” especially part E.

Week 15: May 3

A Solow student offers an alternative

Kling

Final Exam: Thursday, May 6, 3pm-4:30pm Eastern Time.

Note: I reserve the right to make modest changes to the syllabus.

Homework

Every few weeks there will be a homework assignment; you're welcome to work on these problems together, but you must hand in your own work. These problems will be in the same general spirit as portions of the exams, but will typically be more involved and detailed than an exam question.

Discussion Board

Most weeks you'll have a short discussion board assignment—this gives me a chance to see how you're doing, and it gives you a chance to learn from your classmates.

Quizzes

Most weeks you'll also have a short, open-book, talk-to-your-classmate quiz that you'll have three hours to complete. I see these as really a series of short homework assignments—you should probably be able to start the quiz, open your books, learn the material, work through the answers, and hand them in with plenty of time to spare.

Exams

The two exams are the only fixed appointments of the semester. They will be 90 minutes long, open-book but closed-classmate, closed-online tutor, closed-internet discussion board. Just use good sense and make sure the work is all your own.

Grading Procedures

The final will only cover material after (but not including) Week 6.

<i>Homework</i>	<i>10%</i>
<i>Discussion Board</i>	<i>5%</i>
<i>Quizzes</i>	<i>5%</i>
<i>Midterm</i>	<i>40%</i>
<i>Final Exam</i>	<i>40%</i>

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, while open-book and open-internet, must entirely reflect your own work: Asking Google to calculate a sum during an exam is obviously fine, but uploading a question to Chegg during the exam is obviously not.

Students with Disabilities

I am happy to make our course a welcoming environment 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—and of course I'm glad to accommodate ODS's requests.

Reminder: Final Exam, Thursday, May 6, 3 pm Eastern Time, online. Please plan accordingly.