

ECON 104-003: Principles of Macroeconomics

Blue Ridge Hall 129; Tuesday and Thursday 1:30 PM – 2:45 PM

Instructor: Matthew A. Owens

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Office Location: James Buchanan Hall D134-6

Office Hours: Monday, Tuesday, and Wednesday (3 PM – 5 PM), or by appointment.

1. Course Description

What makes some nations rich, and other nations poor? This is a question raised by Adam Smith in *The Wealth of Nations* in 1776, by Daron Acemoglu and James Robinson in *Why Nations Fail* in 2012, and by many others in the field of economics. The purpose of this course is to establish the foundations needed in order to answer this fundamental question. It does so by focusing on a myriad of topics foundational to discussing economics on a macro-level, which is divided into four modules.

Module #1 provides a review of microeconomic principles by discussing topics such as trade and comparative advantage, supply and demand, and price ceilings and price floors. Module #2 focuses on providing the stylized facts related to economic growth, as well as discussing GDP, institutions, and savings and investment. Modules #3 and #4 focus on macroeconomic policy by discussing a variety of topics including, but not limited to, political economy and public choice, monetary and fiscal policy, inflation and unemployment, and international trade and finance.

2. Prerequisites and Expectations

The only prerequisite for this class is that you have successfully completed ECON 103 (Principles of Microeconomics). If you require a refresher on understanding basic microeconomic principles, feel free to review using resources such as Marginal Revolution University or Khan Academy.

I do not expect you to have a specific viewpoint on economics. All viewpoints are welcome, and none are above scrutiny through discussion and debate. However, I do expect that this discussion and debate occurs in a respectful manner. As such, I ask that you refrain from distracting behaviors including, but not limited to, engaging in side conversations, talking over each other, and using electronic devices, such as laptops or phones, for any activity not related to class. Such behavior is disrespectful to me, and to your fellow classmates. As such, computer devices are only permitted for purposes that help you learn the material discussed in this class, such as taking notes or researching content related to this class. In addition, please place your phone on “Do Not Disturb” before entering the classroom, as to not provide any distractions for your classmates. In addition, for the sake of the privacy of myself and the students, ***I do NOT allow recordings of the class.*** An ***exception*** would require ***an accommodation from Disability Services***, as detailed in the related section below.

Regular attendance is also an important factor in successfully completing this course. This is for a variety of reasons, of which I will provide three. First, much of the material you will be tested on in the midterm and final exams will be that discussed in the lectures. Second, attendance is required

in order to complete the quizzes, as discussed in greater detail below. Third, attendance gives you the opportunity to learn from me and from your fellow students. As such, while it is your decision whether to attend this course on a regular basis or not, I would highly recommend regular in-person attendance.

3. Reading Materials

There is one required textbook for this course:

- ***Modern Principles: Macroeconomics (5th edition)* by Tyler Cowen and Alex Tabarrok**

I will be designing lectures, quizzes, and exams around both this and the fourth edition of the book. As such, it is perfectly acceptable to utilize a previous edition of this textbook for the class. I also reserve the right to assign additional readings throughout the semester, which will be sent to you on Blackboard.

In addition, there are several recommended articles from academic journals, and from the [*Concise Encyclopedia of Economics*](#), that are available on the syllabus and will be available on Blackboard. While these articles are not required for you to read, they are still beneficial to read for a greater understanding of the concepts and ideas discussed in the course.

4. Grading and Evaluation

Grading will consist of the following:

- Daily Quizzes: 10%
- Problem Sets: 20% (5% per Problem Set)
- Midterm Exam (**October 5, 2023; 1:30-2:45 PM**): 30%
- Final Exam (**December 12, 2023; 1:30-4:15 PM**): 40%
- Extra Credit Assignment: 5%

Grade Scale:

This class will operate on the following grade scale. Except for those receiving a percentage score below 60%, percentages will be graded by rounding up to the nearest whole number.

Grade	Range	GPA
A+	100-97	4.0
A	96-93	4.0
A-	92-90	3.7
B+	89-87	3.3
B	86-83	3.0
B-	82-80	2.7
C+	79-77	2.3
C	76-73	2.0
C-	72-70	1.7
D	69-60	1.0
F	60 >	0.0

Grading in Detail:

- **Daily Quizzes:**
 - Quizzes will be based on the assigned readings for that day, and on material from previous lectures. Each quiz will be assigned at, with one exception, the beginning of class. As such, arriving on time and diligently completing the assigned readings are important for this class.
 - Quizzes will consist of one short-answer question (responded to in only 1-3 short sentences), and students will be given five minutes to complete the closed-book and closed-note quiz. There is **NO make-up** for any quiz, but I will **drop the four lowest quiz grades** as to allow for any unexpected events preventing you from attending class.
- **Problem Sets:**
 - Four problem sets will be assigned throughout the course, corresponding with each of the modules. Each will consist of multiple short-answer questions, with the intention that the problem sets will reflect the material you will see on the midterm and final exams.
 - I will make available each module about a week before the end of each module, and you will have until one week after the module ends to complete and turn in the problem set. The exception is the problem set for Module 4, which will be due the day of the final exam.
 - Any problem set turned in one week after the official due date will receive a 10% penalty, and any problem set turned in after that grace period will not be accepted and will receive an automatic 0%.
- **Midterm and Final Exams:**
 - Both exams are closed-note and closed-book, consisting of both **multiple-choice** and **short-answer** questions. You are prohibited from using any cell-phones, tablets, computers, or any other mobile device during the exam. However, you will be allowed to use a calculator.
 - I will require that **anyone who wants to leave the room before turning in the exam will be required to hand in his/her phone to me beforehand.**
 - There will be **no make-up policy** for either exam, save for extreme circumstances (such as a death of a loved one or a severe illness) approved of at **my discretion**. According to university policy, you are allowed to reschedule the final if you have three or more final exams on the same day, but in order to reschedule, you must contact me at least **one week** prior to the final exam.
 - If you cannot attend the midterm exam on the assigned date, you will be allowed to shift the grade to the final exam (which will be worth 70% of your final grade), and you will be given a different exam that places more weight on the material tested on the midterm. Otherwise, you are expected to attend and to take the midterm exam on the assigned day.
- **Extra Credit Assignment:**
 - Details for this extra credit assignment will be discussed after the midterm exam.
 - Other opportunities¹ for extra credit could be provided, at my discretion, throughout this class.

In addition, while in-class participation (ex: asking and answering questions) is not required, participation both in class and out of class (ex: sending me emails; collaborating with classmates) is still highly recommended as a means to learn the course material.

5. Tentative Course Schedule

The following is the expected course schedule for this class. However, I reserve the right to make changes if necessary, according to my discretion. Each of the problem sets will be due one week after the end of each module.

¹ Another extra credit opportunity: One percentage point of extra credit will be given to any student who sends me their best economics meme by Saturday, August 26 at 11:59 PM.

Module #1: Microeconomic Foundations

Date	Topics	Required Readings	Recommended Readings
August 22 (T)	Introduction to ECON 104	Syllabus	
August 24 (R)	What Do Economists Do? The Big Ideas	Cowen and Tabarrok, Chapter 1	Steven Rhoads, " Marginalism "
August 29 (T)	Trade and Comparative Advantage	Cowen and Tabarrok, Chapter 2	Alan Blinder, " Free Trade " Donald Boudreaux, " Comparative Advantage "
August 31 (R)	Supply and Demand	Cowen and Tabarrok, Chapter 3	David Henderson, " Demand " Al Ehrbar, " Supply "
September 5 (T)	Equilibrium	Cowen and Tabarrok, Chapter 4	
September 7 (R)	Price Controls	Cowen and Tabarrok, Chapter 5	Walter Block, " Rent Control " Linda Gorman, " Minimum Wages " Hugh Rockoff, " Price Controls "
<i>Problem Set #1 Due on September 14</i>			

Module #2: Economic Growth

Date	Topics	Required Readings	Recommended Readings
September 12 (T)	GDP and Economic Growth	Cowen and Tabarrok, Chapter 6	Linda Anderson, " Gross Domestic Product " Mark Ott, " National Income Accounts "
September 14 (R)	The Wealth of Nations	Cowen and Tabarrok, Chapter 7	Armen Alchian, " Property Rights " Gary Becker, " Human Capital "
September 19 (T)	The Importance of Institutions	Cowen and Tabarrok, Chapter 7	Boettke, Coyne, and Leeson (2008) " Institutional Stickiness and the New Development Economics "
September 21 (R)	Growth and Ideas	Cowen and Tabarrok, Chapter 8	Gary Becker, " Human Capital " Tyler Cowen, " Public Goods "
September 26 (T)	Savings and Investment	Cowen and Tabarrok, Chapter 9	Kevin Hassett, " Investment " Laurence Kotlikoff, " Saving " Burton Malkiel, " Interest Rates " Jeremy Siegel, " Stock Market " Clifford Smith, " Bonds "
September 28 (R)	Midterm Review		
October 3 (T)	<u>Midterm Exam</u>		
<i>Problem Set #2 Due on October 5</i>			

Module #3: Macroeconomic Policy I

Date	Topics	Required Readings	Recommended Readings
October 5 (R)	Political Economy and Public Choice	Cowen and Tabarrok, Chapter 21	William Shughart III, " Public Choice "

October 10 (T)	<i>Columbus Day on Monday</i> [NO CLASS]		
October 12 (R)	Rent Seeking and Rent Extraction	Ikeda (2003) “ Rent Seeking: A Primer ” (pp. 24-26)	David Henderson, “ Rent Seeking ”
October 17 (T)	Unemployment	Cowen and Tabarrok, Chapter 11	Lawrence Summers, “ Unemployment ”
October 19 (R)	Inflation and the Quantity Theory of Money	Cowen and Tabarrok, Chapter 12	Michael Salemi, “ Hyperinflation ” Lawrence White, “ Inflation ”
October 24 (T)	Aggregate Demand and Supply I	Cowen and Tabarrok, Chapter 13	Arnold Kling, “ Aggregate Demand ” Arnold Kling, “ Aggregate Supply ”
October 26 (R)	Aggregate Demand and Supply II	Cowen and Tabarrok, Chapter 13	
<i>Problem Set #3: Due on November 2</i>			

Module #4: Macroeconomic Policy II

Date	Topics	Required Readings	Recommended Readings
October 31 (T)	The Federal Reserve System	Cowen and Tabarrok, Chapter 15	Richard Timberlake, “ Federal Reserve System ”
November 2 (R)	Monetary Policy	Cowen and Tabarrok, Chapter 16	James Tobin, “ Monetary Policy ”
November 7 (T)	The Federal Budget	Cowen and Tabarrok, Chapter 17	James Cogan, “ Federal Budget ” Robert Eisner, “ Federal Debt ”
November 9 (R)	Fiscal Policy	Cowen and Tabarrok, Chapter 18	David Weil, “ Fiscal Policy ”
November 14 (T)	International Trade	Cowen and Tabarrok, Chapter 19	Jadhish Bhagwati, “ Protectionism ” Alan Blinder, “ Free Trade ” Arnold Kling, “ International Trade ”
November 16 (R)	International Finance	Cowen and Tabarrok, Chapter 20	Herbert Stein, “ Balance of Payments ”
November 21 (T)	<i>Class Cancelled</i> [NO CLASS]		
November 23 (R)	<i>Thanksgiving Break</i> [NO CLASS]		
November 28 (T)	Makeup Day		
November 30 (R)	Final Exam Review		
December 12 (T)	<i>Final Exam; Problem Set #4 Due</i>		

6. Additional Information

Important Dates:

Important dates include the following:

- **August 28** (Last day to add classes)
- **September 5** (Last day to drop with full tuition refund)
- **September 12** (Last day to drop with 50% tuition refund)

Communication:

If there are any announcements, changes to the class schedule or any assigned readings, and any reminders of upcoming exam dates or due assignments, I will email students according to their *GMU email address*. If you wish to contact me, please do so using your GMU email address, as I will not respond to any messages from, or send messages to, any email that is not a GMU address.

In addition, I will respond to emails sent during normal business hours (**Monday—Friday; 9 AM—5 PM**) within 24 hours. Emails sent after business hours will be responded to by the **next business day** (ex: any email sent after Friday at 5 PM will be responded to by the next Monday).

The Honor Code:

The George Mason University Honor Code is as follows:

To promote a stronger sense of mutual responsibility, respect, trust, and fairness among all members of the George Mason University Community and with the desire for greater academic and personal achievement, we, the student members of the university community, have set for this Honor Code: Student Members of the George Mason University community pledge not to cheat, plagiarize, steal, or lie in matters related to academic work.

I expect each of you to abide by this code. Any student suspected of any violation will be reported to the Office of Academic Integrity.

Disability Accommodation and Services:

If you are seeking accommodations for this course, you need to be registered with George Mason University's [Disability Services](#) (located in Student Union Building I [SUB I], Suite 2500; (703)-993-2474). Also, please discuss the details of your approved accommodations with me as soon within the first week of classes.

An Addendum on ChatGPT:

Artificial intelligence chatbots (such as ChatGPT) are extremely innovative tools that are useful for many things, and could be useful for researching, writing, and the development of ideas. Still, I would recommend [caution](#) with using such tools. I cannot stop you from using ChatGPT for any of the assignments that are not done in person to simply copy and paste its answers instead of thinking the answer through by yourself, but I am confident that using so regularly would not lead to beneficial results, either in the short-run regarding taking this class, or in the long-run regarding your career as a student and a life-long learner in general.