ECON 311-001: Intermediate Macroeconomics

Nguyen Engineering Building 1107; Monday and Wednesday 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

This course seeks to explore answers to two fundamental questions in economics. One is provided by Adam Smith, and is a foundational question to economics in general and to macroeconomics in particular. *Why are some nations rich and other nations poor*? Hence, Smith's *magnum opus* was titled, *An Inquiry into the Nature and Causes of the Wealth of Nations*. The second is also important for understanding macroeconomics, and is connected with the first. *What explains fluctuations or changes in economic productivity*? One could look at this question in a variety of ways. Why are there recessions or depressions? What causes unemployment? How does the monetary system work? There exist different schools of economic thought that would answer each of these questions differently. This course will discuss the similarities and differences between each of these schools.

Upon successfully completing this course, you will learn the following: (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 most relevant and important models of economic growth, as well as the most prominent theories explaining economic growth; (3) the most relevant models and theories explaining fluctuations in economic productivity; (4) how to use the aggregate supply and demand model to analyze how the economy adjusts in both the short-run and the long-run under alternative theories of the business cycle; and (5) the alternative perspectives on stabilization policy and government deficits and debt emerging from different theories.

2. Prerequisites and Expectations

The prerequisites for this class are that you have successfully completed ECON 103 (Principles of Microeconomics) and ECON 104 (Principles of Macroeconomics). In addition to an understanding of microeconomic and macroeconomic principles, you are expected to have a basic understanding of algebra and elementary calculus (specifically derivatives). If you need a refreshing on any of these topics, 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. Thus, 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 ***<u>exception</u>*** 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

This course will primarily rely on two textbooks, which are the following:

- *Macroeconomics* **(11th edition) by N. G. Mankiw**

You are expected to purchase this textbook from Mankiw: either through the GMU bookstore or some other means. However, it is perfectly acceptable to use an earlier edition of the textbook, as I will be designing lectures, quizzes, and exams off the tenth edition of the textbook. Yet, the order of some of the chapters changed between the ninth and tenth editions. If you buy the ninth edition of the textbook, make sure to read the chapter that goes through the topic that we discuss each day. Still, Mankiw's textbook is one of the main macroeconomics textbooks for undergraduate students, and serves as an excellent overview of macroeconomics and macroeconomic thought.

- *Modern Macroeconomics: Its Origins, Development, and Current State* **by Brian Snowdon and Howard Vane**

You are free to purchase this textbook if you wish, but you are not expected to purchase this book. I will provide PDFs of selected chapters for each lesson, regardless as to whether the Snowden and Vane chapter is a required reading or not. This textbook serves as an excellent summary of different schools of macroeconomic thought, and shall be used primarily to summarize each macroeconomic school of thought.

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 2nd, 2023*; *1:30-2:45 PM*): 30%
- Final Exam (*December 6th, 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, as in-person attendance is necessary to participate, but I will *drop the four lowest quiz grades* 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 each problem set available one 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.
- o 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**:
  - o Details for this extra credit assignment will be discussed after the midterm exam.
  - o Other opportunities[1] for extra credit could be provided, at my discretion, throughout this class.

In addition, while in-class participation (ex: asking questions; making points) 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, regardless of the changes to this schedule.

Module 1: Foundations of Macroeconomic Theory

Date	Topic	Required Reading	Recommended Reading
Aug. 21 (M)	Intro to ECON 311	Syllabus	
Aug. 23 (W)	The Science of Macroeconomics	Mankiw: Chapter 1	Snowdon and Vane: Chapter 1 Lucas (2011) "What Economists Do"
Aug. 28 (M)	The Data of Macroeconomics	Mankiw: Chapter 2	Higgs (1992) "Wartime Prosperity? A Reassessment of the U.S. Economy in the 1940s"
Aug. 30 (W)	National Income	Mankiw: Chapter 3	Ott (2018) "National Income Accounts"
Sept. 4 (M)	*Labor Day* [NO CLASS]		
Sept. 6 (W)	The Monetary System	Mankiw: Chapter 4	Radford (1945) "The Economic Organisation of a P.O.W. Camp" Schwartz (2018) "Money Supply"
Sept. 11 (M)	Inflation	Mankiw: Chapter 5	Kessel and Alchian (1962) "Effects of Inflation" White (2018) "Inflation"
Sept.13 (W)	Unemployment in the Labor Market	Mankiw: Chapter 7	Alchian (1969) "Information Costs, Pricing, and Resource Unemployment"
Problem Set #1 Due September 20			

Module #2: Economic Growth

Date	Topic	Required Reading	Recommended Reading

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[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.

Sept. 18 (M)	Economic Growth I	Mankiw: Chapter 8	Snowdon and Vane: Chapter 11
Sept. 20 (W)	Economic Growth II	Mankiw: Chapter 9	Snowdon and Vane: Chapter 11
Sept. 25 (M)	Economic Growth III	Acemoglu, Johnson, and Robinson (2001) "The Colonial Origins of Comparative Development" Glaeser *et. al.* (2004) "Do Institutions Cause Growth?"	Snowdon and Vane: Chapter 11 Boettke, Coyne, and Leeson (2008) "Institutional Stickiness and the New Development Economics"
Sept. 27 (W)	Midterm Exam Review		
Oct. 2 (M)	***Midterm Exam***		
Problem Set #2 Due October 10			

Module 3: Business Cycles and the Keynesian School

Date	Topic	Required Reading	Recommended Reading
Oct. 4 (W)	Introduction to Business Cycles	Mankiw: Chapter 10	Lucas (1977) "Understanding Business Cycles" Romer (2018) "Business Cycles"
Oct. 9 (M)	***Columbus Day*** [CLASS ON TUESDAY]		
Oct. 10 (T)	Aggregate Demand I	Mankiw: Chapter 11	Snowdon and Vane: Chapter 3 Blinder (2018) "Keynesian Economics"
Oct. 11 (W)	Aggregate Demand II	Mankiw: Chapter 12	Snowdon and Vane: Chapter 3 Mankiw (2018) "New Keynesian Economics"
Oct. 16 (M)	The Open Economy	Mankiw: Chapter 6	
Oct. 18 (W)	The Open Economy II	Mankiw: Chapter 6	
Oct. 23 (M)	***Class Cancelled*** [NO CLASS]		
Oct. 25 (W)	The Mundell-Fleming Model	Mankiw: Chapter 13	
Problem Set #3 Due November 1			

Module 4: Alternative Schools of Macroeconomic Thought

Date	Topic	Required Reading	Recommended Reading
Oct. 30 (M)	The Orthodox Monetary School	Snowdon and Vane: Chapter 4	McCallum (2018) "Monetarism" Yeager (1956) "A Cash-Balance Interpretation of Depression"

			Friedman (1968) "The Role of Monetary Policy"
Nov. 1 (W)	The New Classical School	Snowdon and Vane: Chapter 5	Hoover (2018) "New Classical Economics" Barro (1979) "Second Thoughts on Keynesian Economics" Barro (1989) "New Classicals and Keynesians"
Nov. 6 (M)	The Real Business Cycle Theory	Snowdon and Vane: Chapter 6	Plosser (1989) "Understanding Real Business Cycles"
Nov. 8 (W)	The Austrian Capital Theory	Snowdon and Vane: Chapter 9, Sections 1-4	Boettke (2018) "Austrian School of Economics" Shawn Ritenour (2023) "Austrian Capital Theory"
Nov.13 (M)	The Austrian Business Cycle Theory	Snowdon and Vane: Chapter 9, Sections 5-13	Garrison (2013) "The Austrian Theory of the Business Cycle"
Nov. 15 (W)	Alternative Perspectives of Stabilization Theory	Mankiw: Chapter 16	Snowdon and Vane: Chapter 10 Abrams (2006) "How Richard Nixon Pressured Arthur Burns"
Nov. 20 (M)	*Class Cancelled* [NO CLASS]		
Nov. 22 (W)	*Thanksgiving Break* [NO CLASS]		
Nov. 27 (M)	Government Debts and Budget Deficits	Mankiw: Chapter 17	Snowdon and Vane: Chapter 10 Seater (2018) "Government Debts and Deficits"
Nov. 29 (W)	Final Exam Review		
Dec. 6 (W)	***Final Exam***		
Problem Set #4 Due December 6			

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 as possible. Letting me know of the specifics within the first week of classes is especially appreciated.

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.