



**THE CATHOLIC UNIVERSITY OF AMERICA
DEPARTMENT OF ECONOMICS**
Spring 2020

ECON 243: Intermediate Macroeconomic Theory II

“Between a good and a bad economist this constitutes the whole difference — the one takes account of the visible effect; the other takes account both of the effects which are seen, and also of those which it is necessary to foresee...” (Frédéric Bastiat, 1850).

CREDIT HOURS: 3

PREREQUISITES: The Student is expected to be familiar with calculus and to have taken ECON 101 or 103, ECON 102, 104 or HSSS 102, MATH 111 and 112, and ECON 241.

CLASS SCHEDULE: Tuesdays and Thursdays, 9:40-10:55am

PROFESSOR: Clara E. Jace

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OFFICE HOURS: Tuesdays 11am-1pm, Adjunct Faculty Offices (Econ. Department)

COURSE DESCRIPTION

Macroeconomics is concerned with the “big” questions in economics. Adam Smith’s seminal question was a macroeconomic question: Why are some nations rich and others poor?

Macroeconomics, unlike microeconomics, is a field with little consensus. What is agreed upon is that macroeconomic phenomena like growth, inflation, and employment arise as (unintended) consequences from human decision-making. The complexity of macroeconomic phenomena has led economists to rely on simplified models. These models are useful and necessary for making sense of an entangled world.

The first half of this course will establish the major aggregate concepts in macroeconomics and their foundations in human decision-making. The second half will use these concepts to explore the various explanations of growth and business cycles. Throughout, the art of using models in economic science will be emphasized. You should understand the assumptions underlying each model, and the limitations of alternative explanations. At the end of the course, you should be

capable of comprehending and participating in the grand macroeconomic conversation, which traces back to at least the School of Salamanca (1483).

COURSE GOALS AND GOALS FOR STUDENTS LEARNING

At the end of the course, students should be able to:

- Understand, evaluate, and analyze the main macroeconomic variables.
- Understand the nature and limitations of economic models.
- Apply macroeconomic theories to policy discussions.
- Communicate economic ideas to a broader audience.

REQUIRED TEXTS

- Mankiw, N. G. (2015) *Macroeconomics 9th edition*.
- Snowden and Vane. (2005) *Modern Macroeconomics*.

All other readings will be provided on Blackboard.

COURSE REQUIREMENTS

The final grade for this course will be based on the following assignments and weights:

Assignment	Weight
Midterm Exam	30%
Final Exam	30%
Reaction Papers	20%
Book Review Essay	10%
Class Participation	10%

- Before midnight each Monday (so I can read them prior to our Tuesday class), I ask that you email me a 1-page reaction paper on the readings to be covered in class that week. These may discuss areas that interested you, provide a summary of the readings, and especially, contain questions that you have regarding concepts. Late assignments will not be accepted.
- The book review essay will consist of you choosing just one chapter from Snowden and Vane (2005) and reviewing it in a 4-page essay. Though this will not be due until the end of the semester, you are most welcome to complete and turn it in earlier.
- The class participation portion of the course grade is based upon the significance and quality of your contribution to the class discussion. You are expected to come to class and be prepared to contribute. Students who do miss an occasional class are responsible for getting the notes and finding out what they missed, including any pertinent announcements and/or homework assignments.

ACADEMIC HONESTY: The university's policies and procedures for academic integrity are strict and may be found here:

<http://policies.cua.edu/academicundergrad/integrityfull.cfm>

<http://policies.cua.edu/academicundergrad/integrityprocedures.cfm>

Specifically, the policy states:

“The following are the major categories of academic dishonesty:

A. Plagiarism is the act of presenting the work or methodology of another as if it were one's own. It includes quoting, paraphrasing, summarizing or utilizing the published work of others without proper acknowledgment, and, where appropriate, quotation marks. Most frequently, it involves the unacknowledged use of published books or articles in periodicals, magazines, newspapers and electronic media. However, any unacknowledged use of another's words, ideas or electronic processes constitutes plagiarism, including the use of papers written by other students, oral presentations, interviews, radio or TV broadcasts, any published or unpublished materials (including Web-based materials, letters, pamphlets, leaflets, notes or other electronic or print documents), and any unauthorized or inadequately credited use of foreign language, scientific and/or mathematical calculation and/or modeling programs or online services.

B. Improper use of one's own work is the unauthorized act of submitting work for a course that includes work done for previous courses and/or projects as though the work in question were newly done for the present course/project.

C. Fabrication is the act of artificially contriving or making up material, data or other information and submitting this as fact.

D. Cheating is the act of deceiving, which includes such acts as receiving or communicating or receiving information from another during an examination, looking at another's examination (during the exam), using notes when prohibited during examinations, using electronic equipment to receive or communicate information during examinations, using any unauthorized electronic equipment during examinations, obtaining information about the questions or answers for an examination prior to the administering of the examination or whatever else is deemed contrary to the rules of fairness, including special rules designated by the professor in the course.

E. Attempts to engage in any of the conduct described above or the facilitation of any of this conduct by another individual will be treated as conduct constituting academic dishonesty for purposes of this policy.”

MAKE-UP POLICY AND ASSIGNMENT DEADLINES: Students will NOT be allowed to take an exam in advance of its scheduled date. A student who misses a test will be allowed to write a make-up test only if s/he provides a relevant medical certificate. Late assignments will not be accepted, no extensions are granted.

CAMPUS RESOURCES FOR STUDENT SUPPORT: Any student who feels she/he may need an accommodation based on the impact of a disability should contact the instructor privately to

discuss specific needs. Please contact Disability Support Services (at 202-319-5211, Room 207 Pryzbyla Center) to coordinate reasonable accommodations for students with documented disabilities. To read about the services and policies, please visit the website: <http://disabilitysupport.cua.edu>.

ASSESMENT

The grading scale applied to this class is as follows:

A 96-100	C+ 71-75
A- 91-95	C 66-70
B+ 90-86	C- 60-65
B 81-85	D 55-59
B- 76-80	F 54-0

COURSE OUTLINE AND READINGS*

<i>Units</i>	<i>Dates</i>	<i>Topics</i>	<i>Readings and HW</i>
1	Jan. 14 th Jan. 16 th	Syllabus & History of Macroeconomics	<ul style="list-style-type: none"> ● Lucas: “What Economists Do” ● Snowden and Vane Ch1
2	Jan. 21 st Jan. 23 th	Stylized Facts of Macroeconomics	<ul style="list-style-type: none"> ● Mankiw Ch1-2
3	Jan. 28 th Jan. 30 th	Consumer Theory & Investment	<ul style="list-style-type: none"> ● Mankiw Ch16-17 ● Higgs: “Regime Uncertainty”
4	Feb. 4 th Feb. 6 th	Money & Inflation	<ul style="list-style-type: none"> ● Mankiw Ch4-5 ● Radford: “The Economic Organization of a P.O.W. Camp”
5	Feb. 11 th Feb. 13 th	International Trade & Immigration	<ul style="list-style-type: none"> ● Mankiw Ch6 ● Simon: “Immigration Cost-Benefit, Then and Now” ● Simon: “Is Population Growth a Drag on Economic Development?”
6	Feb. 18 th Feb. 20 th	Unemployment & Review	<ul style="list-style-type: none"> ● Mankiw Ch7 ● Alchian: “Information Costs, Pricing, and Resource Unemployment”
7	Feb. 25 th Feb. 27 th	No class (Monday classes) Midterm exam	
8	Mar. 3 rd Mar. 5 th	Growth: Classical	<ul style="list-style-type: none"> ● Mankiw Ch3 ● Smith: “Wealth of Nations” (Bk1, Ch3)
	Mar. 10 th Mar. 12 th	No classes (spring break!)	
9	Mar. 17 th Mar. 19 th	Growth: Solow	<ul style="list-style-type: none"> ● Mankiw Ch8-9
10	Mar. 24 th Mar. 26 th	Growth: Endogenous and Institutions	<ul style="list-style-type: none"> ● Mankiw Ch9 ● Acemoglu et al.: “The Colonial Origins of Comparative Development” ● Sala-I-Martin: “I Just Ran Two Million Regressions”
11	Mar. 31 st Apr. 2 nd	Business cycles: IS/LM	<ul style="list-style-type: none"> ● Mankiw Ch10-12

* As a roadmap for our class, this is subject to revision as we progress.

12	Apr. 7 th Apr. 9 th	Business cycles: Monetarism No class (Holy Thursday)	<ul style="list-style-type: none"> • Mankiw Ch13
13	Apr. 14 th Apr. 16 th	Business cycles: RBC & Structure of Capital	<ul style="list-style-type: none"> • Garrison: "Time and Money" • Plosser: "Understanding RBCs"
14	Apr. 21 st Apr. 23 rd	Future of Macroeconomics	<ul style="list-style-type: none"> • Romer: "Nobel Lecture" • Kremer: "Population growth and technological change: One million BC to 1990" • Chapter review of Snowden and Vane due
15	Apr. 28 th Apr. 30 th	Review	
	Week of May 5 th	Final exam period	