Syllabus

ECON-305-001
Intermediate Macroeconomics

10:30 - 11:45 TuTh, MBEB 4001
Spring 2018
Professor Dalton

Office: MBEB 3222 (Adjunct Offices)
Office Hours: W 9:00 am – 12 noon or by appointment
E-mail: allendalton@boisestate.edu

PREREQUISITES
Principles of Macroeconomics (ECON 201)
Admission to COBE or B.A. Economics Major.

UNIVERSITY REQUIRED SYLLABUS STATEMENT:
Disability Accommodation
Students with disabilities needing accommodations to fully participate in this class should contact the Educational Access Center (EAC). All accommodations MUST be approved through the EAC. EAC is located on the first floor of the Lincoln Parking Garage. Call (208) 426-1583 to make an appointment. To learn more about the accommodation process, visit our website at http://eac.boisestate.edu

COBE REQUIRED SYLLABUS STATEMENTS:
Statement of Shared Values
Boise State University upholds the following values as the foundation for a civil and nurturing environment. Campus community members and all who are part of COBE are expected to adhere to the following values:

Academic Excellence – engage in our own learning and participate fully in the academic community’s pursuit of knowledge.
Caring – show concern for the welfare of others.
Citizenship – uphold civic virtues and duties that prescribe how we ought to behave in a self-governing community by obeying laws and policies, volunteering in the community, and staying informed on issues.
Fairness – expect equality, impartiality, openness and due process by demonstrating a balanced standard of justice without reference to individual bias.
Respect – treat people with dignity regardless of who they are and what they believe. A respectful person is attentive, listens well, treats others with consideration and doesn’t resort to intimidation, coercion or violence to persuade.
Responsibility – take charge of our choices and actions by showing accountability and not shifting blame or taking improper credit. We will pursue excellence with diligence, perseverance, and continued improvement.
Trustworthiness – demonstrate honesty in our communication and conduct while managing ourselves with integrity and reliability.
COBE Core Objectives- ECON 305

Students in this class will learn or practice the following COBE Core Curriculum concepts, methods, and skills:

1. Understand and apply analytical and disciplinary concepts and methods related to business and economics:
   - ✔ 1.3. Economics
   - ✔ 1.6. International environment of business
   - ✔ 2.1. Communicate effectively: Write messages and documents that are clear, concise, and compelling
   - ✔ 2.2. Communicate effectively: Give oral presentations that use effective content, organization, and delivery
   - ✔ 3. Solve problems, including unstructured problems, related to business and economics
   - ✔ 4. Use effective teamwork and collaboration skills
   - ❏ 5. Resolve ethical issues related to business and economics

TEXT AND STUDY MATERIALS
The required text for this course is Modern Macroeconomics: Its Origins, Development and Current State, by Brian Snowdon and Howard R. Vane

Additional readings will be assigned during the course and either distributed as handouts, linked in the syllabus, or available for download on Blackboard.

Powerpoint slides for some lectures will also be accessible on Blackboard, after being presented in class; along with other links to aid learning.

COURSE OBJECTIVE AND OVERVIEW
The primary objective of this course is to extend the student’s understanding of the economic analysis of the “macroeconomy.” Building upon the basic knowledge from a Principles of Macroeconomics course, this course seeks to introduce students to the several competing schools of macroeconomic theory.

We begin with a consideration of the stylized facts of macroeconomics, concentrating on the Great Depression and the Great Recession, the current economic environment, and an overview of the key issues in macroeconomics. Upon this background, we consider the arguments offered in explanation of the stylized facts. Beginning with coverage of the “Classical School” with its concentration on long-run economic growth, the course covers the historical development of modern macroeconomics.

Modern macroeconomics derives from Keynes and the Orthodox Keynesian School, the Orthodox Monetarist challenge to Keynesianism resulting in the “Neoclassical Synthesis,” and the more recent challenges of the New Classical School, Real Business
Cycle School, and New Keynesians. The heterodox views of the Post-Keynesian and Austrian schools will also be covered.

THE POSITIVE BIAS OF ECONOMICS
Paul Heyne, in his introductory text Microeconomics, notes “the economic way of thinking is a biased perspective. It does not offer an unprejudiced view of society, in which all the facts are presented and all interests are given the same weight.” Everyone engaged in the search for knowledge of any kind necessarily begins with preconceptions of what is important and what is not, what is true and what is not, and what is useful and what is not. To the extent a student comes to understand economics, he will become biased in the same way as other economists and will look at the world in a way much different from non-economists. We should note that non-economists are also biased in their understanding of economics, and in this course the student will learn how such biases lead to errors in analyzing economic activity. This does not mean that any two economists will completely agree on “how the economy works.”

NORMATIVE BIAS AND ECONOMIC POLICY
Much of modern economics is a consideration of what government “ought to do,” if anything, in achieving widely accepted economic goals. The question of one’s support for a particular government action will, of course, depend upon one’s preferences and interests, as well as one’s understanding of how the economy works. But beyond that, one’s basic ethical and political views will come into play. It should be of no surprise, then, that two economists with identical views of the workings of the economy might disagree on the propriety of a particular government action.

INSTRUCTOR EXPECTATIONS OF STUDENTS AND STUDENT CONDUCT
Students are expected to arrive at class on time and be ready for learning when the class starts at the top of the hour. Sometimes unforeseen problems arise that lead to late arrival. In those circumstances, enter as quietly and unobtrusively as possible and take the available seat closest to the door you enter. Persistent late arrival or disruptive behavior upon arrival will reduce class participation points. Students are expected to stay in class for the entire class period. It is rude and disruptive to enter and exit the classroom while the instructor is lecturing or fellow students are engaged in discussion. Students who leave and reenter will be asked to leave the class. Persistent violation will result in severe reductions in class participation points. If you must leave class early to make an appointment elsewhere, you may do so at the mid-class break (see below), without a reduction in class participation points, if you advise the instructor before class.

Students are expected to come to class having read the appropriate readings prior to lecture and discussion. Most classes (except those where the experiments will take the entire class period) will begin with the interrogatory: “Are there any questions?” This is the student’s opportunity to ask questions over material previously covered or to raise questions about the material under current discussion, the nature of economics, or other matters related to economic learning.
While there are many informal situations when people have neither the desire, nor the right, to prescribe how others ought to behave, a college classroom requires a higher level of courtesy to be exercised than in ordinary public space. Everyone in a classroom is there for the purpose of learning, and no one should be able to deprive another person of the chance to learn. Expressions of rudeness and even of carelessness degrade the high purpose of learning that should be paramount in a college classroom. Your professor expects that you as a student:

- Will be courteous and attentive during class.
- Will complete the assigned work according to the class schedule, and
- Will do all your own work and will not present anyone else’s work as your own (this is also covered by the BSU Code of Conduct).

Students who do not follow these expectations may be invited to leave the class. Continued misconduct may lead to removal from the course and initiation of procedures described in the BSU Code of Conduct.

Be courteous and use appropriate language at all times. The classroom should be a learning centered environment in which the instructor and students are unhindered by disruptive behavior. Students thus are expected to maintain proper decorum in the classroom. Free exchange of ideas is certainly encouraged. However, students must adhere to the rules set forth by the instructor. Student Code of Conduct Section 2.C states:

“The classroom is not an unstructured political forum; it is the center for study and understanding of subject matter for which the faculty member has professional responsibility and institutional accountability. Control of the order and direction of class, as well as control of the scope and treatment of the subject matter, must therefore immediately rest with the individual faculty member. Faculty members and students must be free from disruption by students or others who may be in disagreement with the manner in which the faculty member discharges his/her responsibilities.”

Specific examples of disruptive behavior include:

- Monopolizing discussion or taking over the lecture
- Making hostile remarks to instructor or fellow student
- Side conversations
- Distracting behavior such as sleeping, cell phone use, laptop use for other purposes than note taking
- Otherwise interrupting the educational process

Students are encouraged to form study groups among themselves, assist one another in mastering material, and provide one another with missed notes. If, due to time constraints, we don’t cover some assigned readings in class, that doesn’t mean that you are necessarily excused from knowing the material. The general rule: if a reading is assigned, you are responsible for knowing it.
COMPUTERS AND CELL PHONES
Use of computers and cell (smart) phones for private use during class is disruptive for both your instructor and your classmates. Further, computer note taking has been shown to be less helpful in retaining information than note taking by hand. I encourage you to take notes by hand. However, I understand that they constitute an umbilical cord to the rest of the world that students are not used to doing without. Therefore, I offer this “bargain.”

Each class will divided into two 35-minute segments with a 5-minute mid-class break.

Use of computers or cell (smart) phones for private use during the 35-minute class segments is restricted. No phone usage. (Even pulling your phone out will result in you being asked to leave the class.) Computer use that attracts the attention of other students will result in you being asked to leave the class.

During the 5-minute mid-class break you may use your computers and cell (smart) phones, leave the class and return. When the second 35-minute class segment starts everyone must be “ready to go.” If you aren’t, you’ll be asked to leave.

GRADING
The final course grade is based upon class participation, in-class quizzes, written abstracts on assigned readings, a term paper, attendance at the Adam Smith Lecture, a mid-term exam and a Comprehensive Final Exam:

(1) Class participation is worth 100 points;
(2) Twelve (out of 14) abstracts are worth 300 points;
(3) Term paper is worth 150 points;
(4) Twenty (out of 25) daily quizzes are worth 500 points;
(5) Attendance at Adam Smith Lecture is worth 100 points;
(6) Mid-term exam is worth 150 points; and,
(7) Comprehensive final exam is worth 300 points.

Total graded points are 1600. The following grading scale is used:

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<thead>
<tr>
<th>Grade</th>
<th>Points</th>
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<tbody>
<tr>
<td>A+</td>
<td>1544 – 1600</td>
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<tr>
<td>A</td>
<td>1432 – 1543</td>
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<tr>
<td>B+</td>
<td>1384 – 1431</td>
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<tr>
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<tr>
<td>C+</td>
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<td>1112 – 1223</td>
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<td>D</td>
<td>952 – 1111</td>
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<tr>
<td>F</td>
<td>0 – 951</td>
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SAMPLE QUESTIONS
Prior to each section, a set of sample questions is handed out, representing the knowledge and information students are expected to master from that section. All quiz, mid-term and final exam questions are based on material from sample questions. Actual quiz/exam questions may be altered versions, combinations, or variants.
CLASS PARTICIPATION
The class participation grade (100 points) is based upon participation in classroom discussions and responsiveness to questions. Everyone starts with a “C” - 75 % - 75 points. Those that participate increase their points. Those that miss classes, assignments, and violate standards of student conduct reduce their points. The guideline I use is “How to Get an A on Class Participation,” written by two former BSU Economics professors – Pete Lichtenstein and Larry Reynolds.

ABSTRACTS OF ASSIGNED READING
Students will be assigned a specific outside reading on each Thursday, beginning January 11 and concluding April 19 (excluding March 29). The reading will be posted on Blackboard or linked in the syllabus. An abstract of the reading will be due the following Tuesday, beginning January 16 and concluding April 24. Each summary will be worth 25 points. Fourteen readings will be assigned. The twelve highest scores are used to help determine the student’s grade in the class.

The abstract is to be submitted as a word or pdf file by the start of class, mailed to the instructor’s email address.

An abstract submitted as a word or pdf file must meet the following naming convention: “student last name.student first name.spring2018.abstract#”. (If your name were John Doe, the first abstract submitted would be named: Doe.John.spring2018.abstract1.)

Each abstract is to be single-spaced, typed, and in font size no larger than 12. Margins should be 1” on top, bottom, and both sides. The top of the first page should include your name and the title of the reading; ideally, the abstract should be no longer than one page, and certainly never longer than two pages.

The abstract is a brief summary of the question addressed, argument(s) made, and conclusions drawn in the paper read.

TERM PAPER
The term paper assignment is to either (A) investigate the cause(s) of the Great Recession and the reason(s) for the tepid recovery from a particular perspective of school of thought; or (B) investigate one of the many historical controversies in macroeconomics in depth (e.g., the Banking School controversy of mid-19th century Britain, the Say’s Law controversy of the early-19th century, the controversy over the primary cause of the Great Depression).

On or before February 13, a preliminary annotated bibliography is due. This bibliography should provide brief abstracts of at least five journal articles relating to the Great Recession from a particular perspective, or relating to a particular historical controversy. (To help you get started, a list of articles relating to the Great Recession and a list of historical controversies is posted on Blackboard.) The annotated bibliography should be single-spaced, typed, and in font size no larger than 12. Margins should be 1” on top, bottom, and both sides. The top of the first page should include
your name and the tentative title of your term paper. The annotated bibliography is to be submitted as a word or pdf file, mailed to the instructor’s email address. The file must be named “student last name.student first name.spring2018.bibliography”. (If your name were John Doe, the first abstract submitted would be named: Doe.John.spring2018.bibliography.) Students who fail to turn in an annotated bibliography of the expected length will have the maximum grade that may be earned on the term paper lowered from 150 points to 100 points.

(A) The Great Recession term paper itself is to address the following questions: “What were the primary causes of the Great Recession, and what caused the length and shallowness of the recovery?” Make sure to address this from a single perspective. Don’t submit a paper that compares and contrasts several perspectives.

(B) The Historical Controversy paper itself is to address a set of questions: “What was the X controversy about? Who were the participants? What were their arguments? How was the controversy resolved (if it was resolved)? Is the controversy still relevant to modern economics?

The paper is to be double-spaced, typed, and in font size no larger than 12. Margins should be 1” on top, bottom, and both sides. This paper should have a cover page indicating your name and the title, and a bibliography page; depending on your citation standard, you may or may not need footnotes or endnotes. Make sure to cite both direct quotes and summaries. Single-space and indent long quotes (5 or more lines).

This is a technical paper, do not use familiar names when identifying people (e.g., don’t call Adam Smith “Adam”). The paper should be 10-12 pages in length (excluding title, endnote and bibliography pages). It is to be submitted as a hard copy and as a word file, mailed to the instructor’s email address. For the digital submission, follow the naming convention utilized for abstracts and annotated bibliography. The paper is due no later than 5 p.m. on April 5. Late papers will have 15 points deducted per day they are late in being turned in.

DAILY QUIZZES
I have found in teaching this course that frequent testing of knowledge is necessary to master the material. Each class day, beginning January 11 and concluding April 24, a one or two short-answer question quiz worth 25 points will be conducted during the first 10 minutes of class. Each quiz will cover the previous class period’s lecture and the current class period’s reading assignment (e.g., for January 11, the quiz will cover the lecture of January 9 and the reading for January 11). Twenty-five (25) daily quizzes will be given, and the twenty (20) highest scores will be used to help determine the student’s grade in the class.

ADAM SMITH LECTURE
Professor Sam Fleischacker of University of Illinois-Chicago will be giving the annual Adam Smith Lecture on Monday, February 19, at 6 pm in the Simplot Ballroom of the
SUB. His speech is entitled “Being Me, Being You: Adam Smith on Empathy, Perspective and Humanity” Attendance is required, and earns 100 points.

EXTRA CREDIT OPPORTUNITIES
The university experience is meant to broaden your horizons and challenge your preconceived notions. A maximum of two extra credit opportunities, each worth 25 points, may be applied to your points.

The Honors College Distinguished Lecturer this spring is the filmmaker Werner Herzog who will be speaking April 9. As other opportunities become available they will be announced in class. If you happen to discover an opportunity, please share with me!

MID-TERM EXAM
The mid-term exam will be given in class on Thursday, February 22. The mid-term will cover all of the material from the first half of the course and consist of short-answer questions. The mid-term is worth 150 points.

COMPREHENSIVE FINAL EXAM
The final exam will be given during the final exam period, Thursday, May 3, 10:00 am - Noon. The final is comprehensive and will cover the entirety of the course and consist of short-answer questions... The final exam is worth 300 points (approximately 19% of the final grade).

MAKE-UP POLICY
Since most of the assignments may be turned in electronically, only in cases of extended illness will make-ups be possible for those assignments. Appropriate documentation will be required.

GENERAL POLICES
(1) There are no additional extra credit projects.
(2) An incomplete will be allowed for the class only if a 70% or better average is achieved through the daily quiz on April 12. To receive an incomplete requires the completion of a contract with a date certain for completion of class requirements.
(3) Withdrawal from class is the responsibility of the student.

SUMMARY OF IMPORTANT DATES
Each Class day – Quiz
Each Tuesday – Abstract due
February 13 – Annotated Bibliography due
February 19 – Adam Smith Lecture, Samuel Fleischacker, 6 pm
February 22 – Mid-term exam
April 5 - Term paper due
April 9 – Werner Herzog, Distinguished Lecture Series
Thursday, May 3 – Final Exam; 10:00 am – Noon
TENTATIVE COURSE OUTLINE AND READINGS
SV- Snowdon and Vane text

I. An Overview of Modern Macroeconomics
   A. Issues and Ideas
      SV, 1.1 – 1.3
   B. Business Cycle Features and Facts
      SV, 6.6
      Lucas, “Understanding Business Cycles” (Blackboard)
   C. The Great Depression
      SV, 1.4 & 2.14
      Romer, “Changes in Business Cycles: Evidence and Explanations”
      Eichengreen, “The Origins and Nature of the Great Slump Revisited”
   D. The Development of Modern Macroeconomics
      SV, 1.5 – 1.10

II. Economic Growth
    SV, 11.1 – 11.22
    Smith, Wealth of Nations, Book I, chapters I-III
    Solow, “Perspectives on Economic Growth”
    Romer, “The Origins of Endogenous Growth”
    McCloskey, “The Great Enrichment” (Blackboard)

III. “Classical” Economics
     SV, 2.1 – 2.5
     Garrison, “Addendum: Textbook Classicism” (Blackboard)
     Ahaikpor, “The Classical Theories of Interest, the Price Level, and Inflation”
     (Blackboard)
     Glasner, “A Reinterpretation of Classical Monetary Theory”
     (Blackboard)
     Glasner, “Who’s Afraid of Say’s Law?”

IV. Keynes’ General Theory
    SV, 2.6 – 2.17
    Keynes, General Theory, chapters 8, 12, 13, 17, 18, and 24
    Keynes, “The General Theory of Employment”

V. Orthodox Keynesianism: IS-LM
    SV, 3.1 – 3.7
    Hicks, “Mr. Keynes and the "Classics"; A Suggested Interpretation”
    Modigliani, “Liquidity Preference and the Theory of Interest and Money”
    Tobin, “Price Flexibility and Output Stability: An Old Keynesian View”
VI.   **Orthodox Monetarism**  
SV, 4.1 – 4.5  
Friedman, “The Role of Monetary Policy”  
Friedman, “Inflation and Unemployment”  
Friedman, “The ‘Plucking Model’ of Business Fluctuations Revisited”  
Laidler, “Monetarism: An Interpretation and an Assessment”  
Modigliani, “The Monetarist Controversy Revisited”

VII. **Clower and Leijonhufvud: Disequilibrium “Keynesianism”**  
SV, 2.12.3  
Leijonhufvud, “Keynes and the Keynesians: A Suggested Interpretation”  
Clower and Leijonhufvud, “The Coordination of Economic Activities: A Keynesian Perspective”

VIII. **The New Classical School**  
SV, 5.1 – 5.6  
Laidler, “The New-Classical Contribution to Macroeconomics” (Blackboard)  
Lucas and Sargent, “After Keynesian Macroeconomics” (Blackboard)  
Lucas, “Monetary Neutrality”  
Leijonhufvud, “Inflation and Economic Performance” (Blackboard)  

IX. **The Real Business Cycle School**  
SV, 6.1 – 6.18  
Prescott, “Theory Ahead of Business Cycle Measurement”  
Plosser, “Understanding Real Business Cycles”  
Mankiw, “Real Business Cycles: A New Keynesian Perspective”  

X. **The New Keynesians**  
SV, 7.1 – 7.14  
Greenwald and Stiglitz, “New and Old Keynesians”  
Blinder, “The Fall and Rise of Keynesian Economics”  
Mankiw, “The Reincarnation of Keynesian Economics”

XI. **The Post-Keynesian School**  
SV, 8.1 – 8.11  
Davidson, “What Revolution? The Legacy of Keynes”  
Rosser, “Alternative Keynesian and Post Keynesian Perspectives on Uncertainty and Expectations”
XII. The Austrian School
   SV, 9.1 – 9.13
   Hayek, “The Pretence of Knowledge”
   Garrison, “From Keynes to Hayek: The marvel of thriving macroeconomies”

XIII. Neo-Mengerian Macroeconomics
   Wagner, “A Macro Economy as an Emergent Ecology of Plans”
   Gangotena, “Dynamic coordinating non-equilibrium”
   Wagner, “Viennese Kaleidos: Why Liberty and Not Policy Calms Turbulence”
   Kling, “PSST: Patterns of Sustainable Specialization and Trade”

XIV. The New Political Macroeconomics
   SV, 10.1 – 10.19
   Wagner, “Boom and Bust: The Political Economy of Economic Disorder”