ECONOMICS 615–Economic Growth and Business Cycles

Course: ECON 615 (Th, 7:20-10)

Term: Spring 2012 Instructor: Garett Jones

Office hours: T 1:30-3:30, Carow 8A and often Th at Arlington Cosi, 6-7.

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Prerequisites

I will assume that all students in this course are comfortable with basic statistics: Means, variances, correlations. 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. If you have concerns about these prerequisites, please feel free to discuss your concerns with me.

Required Texts

David Andolfatto, Macroeconomic Theory and Policy, 2nd edition.

http://mpra.ub.uni-muenchen.de/6403/

Edward Leamer, Macroeconomic Patterns and Stories (skip appendices unless otherwise noted) Kindle and Print available.

Other Course Readings

Other course readings are available online through Google Scholar, library.gmu.edu, or Blackboard.

Course Outline and Reading Assignments

Week 1: GDP and Key Business Cycle Facts

Andolfatto, c. 1.

Hausmann, 2003. "Sources of Bias and Solutions to Bias in the Consumer Price Index," JEP:

http://econ-www.mit.edu/files/5408

Williamson, Macroeconomics, Chapter 2: (Scanned PDF, in Blackboard, henceforth SPiB).

Wolfers, 2003. "Is Business Cycle Volatility Costly?" International Finance.

http://bpp.wharton.upenn.edu/jwolfers/Papers/Happiness.pdf

Week 2: Elementary General Equilibrium Theory & Real Business Cycles

Andolfatto, c. 2.

Hamilton, "Oil and the Macroeconomy," New Palgrave Dictionary of Economics.

http://dss.ucsd.edu/~jhamilto/JDH palgrave oil.pdf

Connolly, "Here comes the rain again,"

http://www.atususers.umd.edu/wip2/papers/mconnolly.pdf

Alexopoulos, 2010, "Read all about it! What happens following a technology shock?"

https://www.google.com/search?sourceid=chrome&ie=UTF-

8&q=%22read+all+about+it%22+technology+shock

Week 3: Keynesian Coordination Failure: Confidence, Uncertainty, and Animal Spirits.

Andolfatto, c. 3.

Hall, Booms and Recessions Noisy Economy, Intro and c. 1, SPiB.

Wood, Owens, Durham, "Presidential Rhetoric and the Economy," J. Politics.

http://onlinelibrary.wiley.com/doi/10.1111/j.1468-2508.2005.00332.x/full

Coates and Humphreys, 2002, "Economic Impact of Postseason Play in Professional Sports," J. Sports Economics

http://www.ualberta.ca/~bhumphre/papers/jse2002b.pdf

Week 4: Unemployment: Search Models, Job Creation and Destruction.

Andolfatto, c. 4.

Pissarides, Nobel lecture and (especially) slides:

http://www.nobelprize.org/nobel_prizes/economics/laureates/2010/pissarides-lecture.html

Mortensen, Nobel lecture and (especially) slides:

http://www.nobelprize.org/nobel_prizes/economics/laureates/2010/mortensen-lecture.html

Week 5: Consumption, Saving, and Asset Pricing: A partial equilibrium detour

Andolfatto, c.5

Romer, Advanced Macroeconomics, chapter on Consumption and Asset Prices (SPiB).

Jones, 2012. "IQ in the Utility Function."

http://en.wikipedia.org/wiki/Equity_premium_puzzle

Mehra and Prescott, 2008. "The Equity Premium: ABCs" *Handbook of the Equity Risk Premium*. http://www.academicwebpages.com/preview/mehra/pdf/Ch01-N50899.pdf

Week 6: Continued.

Week 7: Midterm Examination: 3/8.

Week 8: Spring Break: 3/15.

[Note: Additional post-midterm readings to be added.]

Week 9: Fiscal policy and its discontents

Andolfatto, c. 6 Leamer, Chapters 1-3

Week 10: Capital, Investment, and the static Old Keynesian model

Andolfatto, c. 7.

Leamer, Chapters 4-6.

Week 11: Money, Banking, and Inflation in an overlapping generations model.

Leamer, Chapters 7-9.

Andolfatto, c. 8

Week 12: Monetary Business Cycles 1

Leamer, Chapters 10-12.

Week 13: Monetary Business Cycles 2

Leamer, Chapters 13-15.

Week 14: Growth 1

Andolfatto, c. 9.

Week 15: Growth 2

Week 16: Final Exam, Thursday, May 10, 7:30 pm.

I reserve the right to make modest changes to the reading list, perhaps adding or removing articles or book chapters.

Classroom Norms

During lecture, I would like to ask for students to raise their hands before speaking.

Blogs worth keeping an eye on for the purposes of this course

Marginal Revolution Econlog Michael Mandel andolfatto.blogspot.com Econbrowser The Money Illusion

Reliable Background and Review Material

Elsevier's Handbook of Macroeconomics, Handbook of Monetary Economics, and Handbook of Economic Growth contain largely high-quality chapters written by leading researchers.

Macroeconomics (1999):

http://www.sciencedirect.com/science/handbooks/15740048/1/part/PB

Economic Growth (2005):

http://www.sciencedirect.com/science/handbooks/15740684

Monetary Economics (2010):

http://www.sciencedirect.com/science/handbooks/15734498

Grading Procedures

The final will be largely cumulative. Two weeks before the midterm and the final, I will provide study guides that will be reliable indicators of >50% of each exam's contents. Participation is a catch-all for good classroom behavior and for civil interactions both online and in person. Attendance will not be taken.

Participation 5%
Midterm 45%
Final Exam 50%