

ECONOMICS 615–Economic Growth and Business Cycles

Course: ECON 615 (Th, 7:20-10)
Term: Spring 2013
Instructor: Garrett Jones
Office hours: T 2pm-3:30, Carow 8A and usually 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://mpira.ub.uni-muenchen.de/6403/>

William Lewis, *The Power of Productivity*.

Other Course Readings

Other course readings are available online through Google Scholar, library.gmu.edu, or Blackboard. Please let me know if you have difficulty accessing them.

Course Outline and Reading Assignments

Week 1: Macroeconomic Methodology, defining GDP, and Key Business Cycle Facts

Lucas, "What Economists Do,"

http://www.eco.uc3m.es/~andiaz/pdfs/macrol_licenciatura/parque.pdf

Andolfatto, c. 1.

Williamson, *Macroeconomics*, Chapter 3: (Scanned PDF, in Blackboard, henceforth SPiB).

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

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 in a 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

Haltiwanger, "[Job Creation and Destruction](#)," (unappealing .doc format, but good summary)

Davis and Haltiwanger, "Gross Job Creation and Destruction," Sections 1 & 2 and conclusion.

<http://www.jstor.org/stable/10.2307/3585137>

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

Andolfatto, c.5

Attanasio/Weber, "Consumption and Saving."

<http://are.berkeley.edu/courses/ARE251/fall2011/Papers/attanasio-weber10.pdf>

Hurst, "Retirement of a Consumption Puzzle,"

http://www.vwl.tuwien.ac.at/hanappi/AgeSo/rp/Hurst_2008.pdf

Sargent and Ljungqvist, *Recursive Macroeconomic Theory*, c.1, sections 1-3, (SPiB).

Jones, "[Memory as a Consumer Durable](#)."

Week 6: The complete RBC model.

Prescott, Nobel Lecture, Read sections 3 and following:

http://www.nobelprize.org/nobel_prizes/economics/laureates/2004/prescott-lecture.pdf

Summers, "Some Skeptical Observations on Real Business Cycle Theory,"

<http://www.minneapolisfed.org/research/qr/qr1043.pdf>

Week 7: Midterm Examination: 3/7.

Week 8: Spring Break: 3/14. *No Class*.

Week 9: Fiscal policy, Capital, and the static Old Keynesian Model

Andolfatto, c. 6 & c.7.

Snowdon and Vane, 3.1-3.4, "The Orthodox Keynesian School."

Clement, "[European Vacation](#)." [Interview with Prescott]

Jones, "Taxes, Efficient Government, and Jobs: Prescott's Surprise"

http://econlog.econlib.org/archives/2012/10/prescott_hoisti.html

Week 10: The Elements of Monetarism

McCandless and Weber, "Some Monetary Facts."

Milton and Rose Friedman, "Anatomy of a Crisis," from *Free to Choose*.

Purely optional: <http://www.youtube.com/watch?v=SWVoPrntBso&feature=g>

[Friedman's AEA Presidential Address](#), Memorize.

Friedman, "Quantity Theory of Money," New Palgrave.

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

Andolfatto, c. 8

Stigum/Crescenzi, *Stigum's Money Market*, c.2, "Fund Flows, Banks, and Money Creation."

Reinhart and Rogoff, "Banking Crises," in *This Time is Different*.

Week 12: Monetary Business Cycles 1

Lucas: Understanding Business Cycles

[Lucas: Nobel Lecture](#)

Barro, "[Unanticipated Money, Output, and the Price Level in the United States](#)"

Week 13: Monetary Business Cycles 2

Nakamura and Steinsson, "Price Rigidity."

<http://www.columbia.edu/~en2198/papers/psurvey.pdf>

David Romer, "[The New Keynesian Synthesis](#)"

<http://www.nek.lu.se/nekkfr/d-kurs/RomerNewKeynes.pdf>

Purely optional: http://www.nytimes.com/2010/09/05/sports/football/05romer.html?_r=0

Week 14: Solow Growth

Weil, *Economic Growth*, Chapter 3.

Lewis, first 1/2.

In the company of strangers, excerpt, SPiB.

Week 15: Endogeneous Growth and Stagnation

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

Kremer, "[Population Growth and Technological Change: 1 million B.C. to 1990](#)"

Cowen, Great Stagnation, [video](#)

McAfee, "Race Against the Machine," [video](#)

Tabarrok on Endogenous Growth Theory, (video and op-ed).

Jones, New Palgrave, "National IQ and National Productivity."

Lewis, second 1/2.

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

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>

I liked this collection of lecture notes as well, at the MA level. They cover most of the same material I'll cover:

<http://qed.econ.queensu.ca/pub/faculty/smithgw/econ815A/>

This book by Steven Williamson is at the Ph.D. level, sometimes a bit advanced, but chapters 1, 2, 5, 6 are worth a look:

<http://www.artsci.wustl.edu/~swilliam/courses/notes06.pdf>

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%