ITRN 503: Macroeconomic Policy in the Global Economy
Fall 2020 – Syllabus

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Office hours: By appointment via Zoom (to set up please email)
Lectures: Wednesday 7:20–10 pm, online synchronous mode to maximize real-time interaction via Zoom

Course Description

This course covers the principal frameworks and concepts underpinning macroeconomics, focusing on their relevance to policy issues related to aggregate economic performance in the global economy. We will also include in our analysis of key macroeconomic policy issues how new technology paradigms impact macroeconomic policy choices in the global economy. Examples include the influence of robots on labor market outcomes, the effect of digital assets and cryptocurrencies on monetary policy, and ripple effects from global value chains (GVCs) on international fiscal and monetary policy coordination. Also, it is imperative that the existing macroeconomic paradigms for both monetary and fiscal policy formulation are informed by major contemporary trends (e.g. climate change) and shocks (e.g. the COVID-19 pandemic) impacting global markets. Our analyses include topics like long-run economic growth sustainability & business-cycle volatility; effects of monetary & fiscal policies on international investor expectations; inflation & unemployment tradeoffs; global capital flows, balance of payments and exchange rate regimes.¹

Course Grading

- Cumulative final exam (via Blackboard) – 30 percent
- Class project – 30 percent (Total per breakdown below)
  - Short written piece (policy brief) – 20 percent
  - Short group presentation via Zoom (fact-finding taskforce) – 20 percent
- Midterm exam (via Blackboard) – 20 percent
- Participation via Zoom (class, guest lectures and student presentations) – 10 percent

¹ N.B.: This is a challenging course. It is highly recommended that you take prior to ITRN503 either ITRN504 (Microeconomics and Trade Policy) or PUBP720 (Managerial Economics).
Learning Outcomes

• Knowledge of the analytical building blocks of macroeconomic policy
• Familiarity with the major policies from the main macroeconomic schools of thought
• Understanding of policy uses of national accounts and balance of payments statistics
• Capacity to assess critically the quality of macroeconomic policy reports
• Understanding the approaches and assumptions of key macroeconomic policy models

Required Reading

• The main text will be *Macroeconomics* (5th edition) by Paul Krugman and Robin Wells (Worth Publishers, New York, 2018) – referred to as KW henceforth. Older editions have some of the same material but examples are dated. Also, there are improvements in exposition and changes in emphasis to reflect current macroeconomic issues.


The above two books are available through the Arlington campus library. In addition, it is highly recommended that you keep abreast of current global economic affairs by reading specialized media analyses: e.g., *The Economist*, *The Financial Times* and *The Wall Street Journal*.

The textbook reading assignments specified in the course outline below will be complemented with case studies and scholarly articles dealing with current, recent and historical macroeconomic issues and policy examples in order to apply the analytical tools. We will also emphasize ongoing globalization and high-tech trends, as well as shocks reshaping the world economy, in the context of existing conceptual frameworks and macroeconomic modeling paradigms.

For that we will cover contemporary analyses in recently released policy research reports about the impacts (positive and negative) of new technologies on global macroeconomic performance. Certain trends and shocks outside the economic realm of markets – such as environmental degradation and pandemic health crises – deeply affect macroeconomic policy design and the global investment performance.

In particular, to gauge how the global economy is impacted by ongoing development, we will analyze the impact of industrial robots on unemployment, the effect to global value chains (GVCs) on monetary policy as well as international business cycles, the performance of financial markets with the introduction of cryptocurrencies, climate change and long-run global growth sustainability, and the COVID-19 supply and demand shocks. These papers are flagged with asterisks (*). Finally, we will have a couple of policy practitioner guest lecturers to illustrate in action the use of the tools and models for macroeconomic policy analysis learned in class.
Course Outline

Synchronous weekly meetings via Zoom will include lectures, class discussions, guest talks, student presentations, and office hour meetings – as well as online asynchronous resources.

Class Topics

August 26th: Introduction to Class: Economic Growth and Business Cycles

Chapters 1, 3 and 6 in KW

September 2nd: The System of National Income Accounts

Chapter 7 in KW and 13 in KR

September 9th: Schools of Thought in Macroeconomics

Chapters 6 and 9 in KW

September 16th: Keynesian Model

Chapter 10 and 11 in KW

September 23rd: Aggregate Demand & Aggregate Supply (AD-AS)

Chapter 12 in KW (Guest Lecture)

September 30th: Fiscal Policy

Chapter 13 in KW

Midterm Exam: October 3rd - 4th, open books and notes, via Blackboard
October 7th: Monetary Policy and Cryptocurrencies (& Guest Lecture)

Chapter 14 in KW

October 14th: Money, Prices and Inflation (& Student Presentations)

Chapter 15 in KW

October 21st: The Great COVID-19 Lockdown and the Pandemic’s Global Macro Shocks


October 28th: Inflation, Technology & Unemployment (& Student Presentations)

Chapter 16 in KW

November 4th: Exchange Rates & Purchasing Power Parity (& Student Presentations)

Chapters 14, 15 and 16 in KR

November 11th: Global Public Goods & Long-Run Growth Sustainability


Final Exam: November 18th–19th (12 am – 11:59 pm), via Blackboard
Academic Integrity

The GMU honor code will be fully enforced and plagiarism of any kind will not be tolerated in any coursework in order to ensure fairness and transparency. The full Mason honor code may be accessed at: https://oai.gmu.edu/mason-honor-code/full-honor-codedocument.

Academic Accommodation for a Disability

If you are a student with a disability and you need academic accommodations, please let me know as soon as possible and contact the Disability Resource Center (DRC) at ods@gmu.edu or 703-993-2474. All academic accommodations must be arranged through the DRC.