ITRN 503 Macroeconomic Policy

ITRN 503: Macroeconomic Policy in the Global Economy

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Study Guide
Course Description

This course provides an analytical introduction and overview of basic concepts in macroeconomic theory with an emphasis on applications to problems in the United States and the contemporary global economy. Covers topics such as inflation, growth and business cycles, fiscal and monetary policies, balance of payments and exchange rates.

Note: This is a challenging course. It is highly advisable that you take ITRN 504: Microeconomics and Trade Policy or PUBP 720: Managerial Economics before you take ITRN 503.

Learning Outcomes

Knowledge and Understanding

Students will understand the basic concepts and terms of macroeconomics, including schools of thought, as they apply to policy analysis. Students will understand the use of balance of payments in country analysis and the determination of exchange rates.

Analytical Skills and Abilities

Students will be conversant with systems of macroeconomics accounting and major macroeconomic models and understand their appropriate use.

Professional Development
Students will be conversant with the basic terms of macroeconomics and international finance as used in the profession.

**Required Books**


Note: We will also be using prepared notes that I will provide you. These draw most closely (but not exclusively) from Froyen (2013). If you wish to, you can order a used copy of this textbook, but it is not necessary.

**Course Requirements and Grading**

Midterm exam - 30 percent  
Cumulative final exam - 30 percent  
Country briefing paper - 25 percent  
Class participation - 15 percent

**Course Outline and Readings**

*Week 1 (January 23): Introduction to Class*

Notes to be handed out.


Recommended:  

*Week 2 (January 30): Accounting Frameworks: Open Economy Accounts*

Notes to be handed out.

Reinert, Chapter 13, “Accounting Frameworks.”

Recommended:

**Week 3 (February 6): Account Frameworks: Balance of Payments Accounts**

Notes to be handed out.

Reinert, Chapter 13, “Accounting Frameworks.”

Recommended:


**Week 4 (February 13): Classical Model and Monetarism**

Notes to be handed out.

Recommended:


**Week 5 (February 20): Classical Model and Monetarism Continued**

Notes to be handed out.

Recommended:


**Week 6 (February 27): Exchange Rates**

Reinert, Chapter 14, “Exchange Rates and Purchasing Power Parity.”

2015 Big Mac Index Excel file.

Recommended:

Week 7 (March 6): Midterm Examination

Week 8 (March 13): Spring Break

Week 9 (March 20): Keynesian Model

Notes to be handed out.

Recommended:


Week 10 (March 27): No Class-Work on Macroeconomic Briefing Paper!

Week 11 (April 3): Keynesian Model Cont.

Notes to be handed out.

Recommended:


Week 12 (April 10): Keynesian Model Cont.

Notes to be handed out.

Recommended:


**Week 13 (April 17): Exchange Rate Determination**

Reinert, Chapter 15, “Flexible Exchange Rates.”

**Recommended:**


**Week 14 (April 24): Exchange Rate Determination Cont.**

Reinert, Chapter 16, “Fixed Exchange Rates.”

**Recommended:**


**Week 15 (May 2): Review of Semester**

**Week 16 (May 8): Final Exam, Macroeconomic Briefing Paper Due on Sunday, May 13**

**Macroeconomic Briefing Paper**

One requirement of this course is for you to write a briefing paper on the macroeconomy of a country of your choice, other than the United States. You do not need to pick a particular “type” of country: *every* country has a macroeconomic history and faces current macroeconomic issues.

The paper is to be between **3,500 and 4,000 words**. It is to be written in non-technical language suitable for a policy-maker. *The paper must include an Excel-prepared chart based on the World Banks’s World Development Indicators (WDI) or other relevant source for your country. The paper is due on Sunday, May 13.*
The briefing paper is to include sections on recent macroeconomic history, exchange rate regime and management (check the **IMF classification**), balance of payments issues (check IMF **balance of payments statistics**), inflation issues, unemployment issues, and monetary policy. Potential **World Development Indicators** to include in your chart include: GDP at market prices (constant 2005 US$); Current account balance (BoP, current US$); Current account balance (% of GDP); Net financial account (BOP, current US$); Reserves and related items (BOP, current US$); Unemployment, total (% of total labor force) (national estimate); Central government debt, total (% of GDP); External debt stocks (% of GNI); Short term debt (% of total reserves); GDP deflator (base year varies by country); Gross capital formation (% of GDP); Gross savings (% of GDP).

Try your best to include some quality research sources in your briefing paper. Here, Google is not your friend! [Google Scholar](https://scholar.google.com) is your friend. So too is the e-journals resource of Mason’s library system. See also the Library’s resources for the [ICP Program](https://www.masonlive.com/).  

**Some Policies**

No texting in class.

Exams are not “open book” or “open notes.”

There is no “extra work” that can be done for “extra credit.”

Students are responsible for obtaining notes from other class members if they miss a class.

The GMU honor code will be enforced. To be more specific: If I can show that a student cheated on an exam, that student will fail the course.

It is my personal policy not to discriminate among students based on race, ethnicity, religious faith, national origin, gender, sexual orientation, or physical ability (see below).

**Academic Accommodation for a Disability**

If you are a student with a disability and you need academic accommodations, please see me and contact the Disability Resource Center (DRC) at 703-993-2474. All academic accommodations must be arranged through the DRC.

**Useful Books**


