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

Draft

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Office hours: Tuesday and Thursday and by appointment also
Lectures: Tuesday and Thursday 4:30–7:10 pm; Van Metre Hall

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 robotics on labor market outcomes, the effect of digital assets and crypto-currencies on monetary policy, and ripple effects from global value chains on international fiscal policy coordination. Also, our analysis will include topics such as long-run economic growth and business cycles; monetary and fiscal policies; inflation and unemployment; balance of payments and exchange rate regimes.¹

Course Grading
• Midterm exam – 25 percent
• Cumulative final exam – 35 percent
• Class project – 30 percent (Total per breakdown below)
  o Short written piece (policy brief) – 20 percent
  o Short group presentation (fact-finding taskforce) – 10 percent
• Class participation – 10 percent

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

¹ N.B.: This is a challenging course. It is highly recommended that you take ITRN504 (Microeconomics and Trade Policy) or PUBP720 (Managerial Economics) prior to ITRN 503.
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.

We will also be using *An Introduction to International Economics: New Perspectives on the World Economy*, Cambridge University Press, by our own Kenneth Reinert (when covering open economy topics) – referred to as KR henceforth.

In addition, it is highly recommended that you keep abreast of current global economic affairs by reading the specialized media analyses. A useful source is the weekly: The Economist (This links routes you through the Libraries' proxy server). Other sources of interest include two dailies: The Financial Times and The Wall Street Journal.

The textbook reading assignments specified in the course outline below will be complemented with articles dealing with current, recent and historical macroeconomic issues and policy examples in order to apply the analytical tools.

We will also cover contemporary analyses in recently released research reports of the impact of new technologies on macroeconomic policy design. In particular, we will analyze the impact of industrial robots on unemployment, the effect to global value chains on monetary policy and international business cycles, and the performance of financial markets with the introduction of cryptocurrencies. Those papers are flagged with an asterisk (*). Finally, over the course of the semester, we will invite a couple of policy practitioner guest lecturers to illustrate in action the use of the analytical tools for macroeconomic policy analysis learned in class.

Course Outline

*Class 1 (June 2): Introduction to Class: Economic Growth and Business Cycles*

Chapters 1, 3 and 6 in KW

*Class 2 (June 4): The System of National Income Accounts*

Chapter 7 in KW and 13 in KR

*Class 3 (June 9): Schools of Thought in Macroeconomics*

Chapter 9 and 17 in KW
Class 4 (June 11): Keynesian Model

Chapter 10 and 11 in KW

Class 5 (June 16): Aggregate Demand & Aggregate Supply (AD-AS)

Chapter 12 in KW

Class 6 (June 18): Fiscal Policy

Chapter 13 in KW

Class 7 (June 23): Monetary Policy

- Chapter 14 in KW

Class 8 (June 25): Midterm Examination

Class 9 (June 30): Money, Prices and Inflation

- Chapter 15 in KW

Class 10 (July 2): Inflation & Unemployment

- Chapter 16 in KW

Class 11 (July 7): Exchange Rates & Purchasing Power Parity (and Student Presentations)

Chapter 18 in KW and 14 in KR

Class 12 (July 9): Flexible vs. Fixed Exchange Rate Regimes (and Student Presentations)

Chapters 15 and 16 in KR
Class 13 (July 14): Market Interdependence & Global Growth (and Student Presentations)


Class 14 (July 16): Blockchain Economics & Financial Markets


Class 15 (July 21): Review for Final Exam

July 23: Final Exam (4:30 – 7:15 pm)

Some Ground Rules

- The use of phones, tablets or laptops in class is very strongly discouraged for the benefit of all, except in extenuating circumstances when a momentary absence is understandable. The scientific evidence shows that the use of electronics in the classroom impedes not only your own learning experience but that of your peers as well (see for example https://www.chronicle.com/article/The-Distracted-Classroom/239446).

- The GMU honor code will be fully enforced and cheating 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 see me and contact the Disability Resource Center (DRC) at 703-993-2474. All academic accommodations must be arranged through the DRC.