

ECONOMICS 6620
MACROECONOMICS- MASTERS
M: 6-8:30PM
FALL 2011

PROF. JAMESON
OSH 369
HOURS: M: 5-6 PM AND
BY APPT.

You can contact me readily by e-mail: jameson@economics.utah.edu or by private mail on Blackboard (I will answer you in Blackboard in that case and you should have your mail forwarded to an address you check often). Added course materials will be placed on the course page in Blackboard. Course materials (and grades, except final grades) will be posted on that site under Econ 6620.

REQUIRED BOOKS:

Morris Davis, Macro Economics for MBAs and Masters of Finance (MD)

GOALS:

The course will provide a rigorous introduction to what has become the orthodoxy of Macroeconomics, as well the most common alternative approach growing out of Keynes. Macroeconomics is in flux, and so are its analytics, though Davis examples those who are in denial. I have previously used an Intermediate Macro text to do the model, but I have chosen to use the Davis book to show how rigor has gotten Macro into the box it finds itself. I believe you have access to a set of PowerPoints that will be my starting point for Davis at:

<http://www.cambridge.org/us/catalogue/catalogue.asp?isbn=9780521762472&ss=res>

One of my primary goals is to take a stab at thinking how Macroeconomics will be reformulated, something that has yet to be codified. I have used a book by Akerlof and Schiller, Animal Spirits, which attempted to use behavioral economics as the basis for a reformulation. It was good but not fully adequate. So we'll examine the orthodoxy, the most common alternatives, and the empirical evidence. We will then turn to case studies of countries in short-run crises, and how they were resolved. Davis completely omits the short-run, where we all live. The obvious point is to draw analogies to where the U.S. economy is today. We can take Buiter's rendition as our starting point:

I believe that the (World) Bank has by now shed the conventional wisdom of the typical macroeconomics training of the past few decades. In its place is an intellectual potpourri of factoids, partial theories, and empirical regularities without firm theoretical foundations, hunches, intuitions and half-developed insights. It is not much, but knowing that you know nothing is the beginning of wisdom.

The real payoff in the course, as in the past, will be the work you do on empirical cases, both formal case studies and articles dealing with contemporary experiences that we examine. We will try to cover one of these per class. You will present many of them, lead discussions, and relate them to the analytical material as part of a group. Economists with an historical and case study sensitivity and knowledge were more able to deal with the disarray that emerged from 2007 on. So I hope you can join them in some degree. I should note that the case studies may change. I am relying generally on IMF country studies because of copyright issues but will choose the most current and interesting ones.

COURSE ORGANIZATION:

There will be two exams during the course. The first will cover the Macro model and will be based on what we cover in class from the Davis text and the other material to that point. It will be on October 24. The second will be based most heavily on the remaining material and the case studies and the policy issues. It will be given at the time scheduled for the final exam, December 12. In addition, you will write a paper summarizing an article that I approve (proposed articles are due on September 19) and that is related to "The Reconstitution of Macroeconomics" or to "Lesson of the Crisis for Macroeconomics." It will be due on October 7 (submitted electronically as a Word document) and should be around 5 double spaced pages. (NBER Working Papers and other academic articles available electronically through the library, e.g. Journal of Post Keynesian Economics or Cambridge Journal of Economics are probably your best starting points, along with Levy Institute or GDAE papers. The Davis model still believes that such crises cannot happen). You will also sign up for one of the groups on Blackboard. Your group will be responsible for a case study presentation at the end of the semester, and for leading the discussions that we have in the first section of the course. I realize the difficulty with groups, but I ask you to make them work and I do take into account the free rider problem in assigning the group grade. The format for the class is lecture-discussion, though the size will influence how we carry out the discussion. We will be flexible in making this work.

The course elements carry the following points:

Exam 1	25%
Exam 2	25%
Paper	25%
Individual/Group	
Contribution	25% (15%-10%)

Grades will be assigned on an absolute scale according to university requirements (I usually grade everything on a 100 or 1000 point scale):

90% and above	A: excellent performance, superior achievement
80% and above	B: good performance
70% and above	C: sub-standard performance and achievement
69% and below	E: failure

Pluses and minuses will be assigned around the cutoff points.

The course follows university policy on non-discrimination, on plagiarism and cheating, and on accommodation for disabilities and for core beliefs. Refer to university policies in these areas and ensure that I know of the issues involved. This may be particularly crucial in the case of plagiarism, where any violation has severe penalties. If you have any doubts about your work, be sure to discuss them with me beforehand.

WEEK OF**COURSE SCHEDULE**

August 22	Introduction, Syllabus, Groups, Goals The Crisis and Economics Galbraith- "Who Are These Economists, Anyway?" Bezemer-"No One Saw This Coming"
August 29	Understanding and Modeling the Crisis: Financialization Johnson-"The Quiet Coup" Palley, "Financialization" Bordo-"Lessons from Banking Panics"
September 5	NO CLASS-LABOR DAY
September 12	Understanding and Modeling the Crisis: Structural Factors Palma-"The Revenge of the Market on the Rentiers" Hall-"Why Does the Economy Fall to Pieces?"
September 19	The Models: GDP and Inflation MD, Ch. 1 Talberth-"The Genuine Progress Indicator, 2006" ARTICLE PROPOSED FOR PAPER DUE
September 26	The Models: Firms and Growth MD, Ch. 2 Galí- "Trends In Hours, Balanced Growth, and The Role Of Technology In The Business Cycle" (Secs. 1-3, pp. 1-14)
October 7	The Models: Households and Asset Pricing MD, Ch. 3 Akerlof- "The Missing Motivation in Macroeconomics" PAPER DUE
October 10-15	FALL BREAK
October 17	Trade MD, Ch. 4 Chang- "The Role of Institutions in Economic Change"
October 24	FIRST EXAMINATION
October 31	The Models: Business Cycles MD, Ch. 5 Beaudry- "Letting Different Views About Business Cycles Compete" Gali, pp. 14-21

- November 7 The Models: Monetary Policy (and Fiscal Policy) MD, Ch. 6
Reis-“Interpreting the Unconventional US Monetary Policy, 2007-
2009”
Arestis and Sawyer-“The Return of Fiscal Policy”
- November 14 CASE STUDY 1
Depression to Post-War
Japan Case
- November 21 CASE STUDY 2
Keynesian Economics Rules
Hungary Case
- November 28 CASE STUDY 3
Opening Macro and Institutional
Chaos
Iceland Case
- December 5 CASE STUDY 4
The New Classics and Cycles
US Case
- December 12 SECOND EXAMINATION