

**San José State University**  
**Department of Economics**  
**Course No. 49060, Econ 202 - Seminar in Macroeconomic Analysis, Fall 2022**

**Course and Contact Information**

Instructor:	Justin D. Rietz
Office Location:	DMH 143
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Office Hours:	Monday and Wednesday 1:30pm – 2:30pm and by appointment.
Class Days/Time:	Wednesday 6:00-8:45
Classroom:	DMH 165
Prerequisites:	Econ 101, 102

**Department Policy IMPORTANT!**

If you have not yet taken Econ 235, you must get a B (not a B-) or better in order to graduate. If you do not get a B, you will need to retake Econ 202. You cannot replace a future grade in Econ 235 for Econ 202.

**Course Format**

**Faculty Web Page and MYSJSU Messaging**

Course materials such as syllabus, handouts, notes, assignment instructions, etc. can be found on [Canvas Learning Management System course login website](http://sjsu.instructure.com) at <http://sjsu.instructure.com>. You are responsible for regularly checking with the messaging system through [MySJSU](http://my.sjsu.edu) at <http://my.sjsu.edu> to learn of any updates.

**Course Description**

Aggregate analyses of inflation and unemployment (and of alternative fiscal and monetary policies) using general equilibrium and dynamic disequilibrium adjustment models of real output, labor, real capital and financial markets (both domestic and international).

**Course Learning Outcomes (CLO)**

This is a course in advanced macroeconomics. Using models of the economy overall, it emphasizes the interrelationships among economic variables and the impact of public policy on those variables. It puts special emphasis on competing theories as they emerged in the history of economic thought. This course emphasizes Economics MA PLO 2 (*Macroeconomics*).

**Course Learning Outcomes**

Upon successful completion of this course, students will be able to:

- Understand the relationship between economics and public policy, as illuminated by public-choice theory.
- Identify the macroeconomic aggregates that measure the price level, employment, and output and explain both their strengths and weaknesses.

- Display a good grasp of what we know and what we do not know about economic growth, sustained inflation and the business cycle.

## Required Texts/Readings (Required)

### Textbook

1. Brian Snowdon and Howard R. Vane, *Modern Macroeconomics: Its Origins, Development and Current State* (Cheltenham, UK: Edward Elgar, 2005); **ISBN-13:** 978- 1845422080.
2. N. Gregory Mankiw, *Macroeconomics*, 9th edn. (New York: Worth, 2010); **ISBN-13:** 978-1464182891. You may also use a different edition but you will be responsible for any differences between the two texts, particularly chapter numbering.

In addition, there are readings that are available on Canvas or online as noted in the schedule (below)

## Course Requirements and Assignments

As this is a graduate level seminar, participation in class discussions will determine 15 percent of a student's overall grade. The final examination, which will be comprehensive, is worth another 50 percent out of the total of 100, whereas a mid-term examination is worth 35 percent. If a student misses a class, they must turn in at the next class a brief written summary of the readings assigned for the class they missed. These written summaries must be at least 400 words long, neatly typed.

Success in this course is based on the expectation that students will spend, for each unit of credit, a minimum of 45 hours over the length of the course (normally three hours per unit per week) for instruction, preparation/studying, or course related activities, including but not limited to internships, labs, and clinical practica. Other course structures will have equivalent workload expectations as described in the syllabus.

### Final Examination or Evaluation

There will be a cumulative, final exam.

### Grading Information

Grades are curved, but the curve will never hurt your grade. I don't round up, e.g. an 86.9 is a B, not a B+.

97-100 A+	93-96 A	90-92 A-
87-89 B+	83-86 B	80-82 B-
77-79 C+	73-76 C	70-72 C-
67-69 D+	63-66 D	60-62 D-
below 60 F		

### Classroom Protocol

We will conduct this class as a graduate seminar you should be prepared to discuss the assigned readings for each session. Come prepared with a minimum of one question regarding the content.

### University Policies

Per University Policy S16-9, university-wide policy information relevant to all courses, such as academic integrity, accommodations, etc. will be available on Office of Graduate and Undergraduate Programs' [Syllabus Information web page](http://www.sjsu.edu/gup/syllabusinfo/) at <http://www.sjsu.edu/gup/syllabusinfo/> Make sure to review these university policies and resources.

## Course Schedule

Week	Date	Topics, Readings, Assignments, Deadlines
1	Aug 24	Topic: Introduction
2	Aug 31	<p>Topic: Economic Measurement</p> <p><u>Readings</u></p> <ul style="list-style-type: none"> <li>• Snowdon &amp; Vane, ch. 1</li> <li>• Mankiw, chs. 1, 2, 7. (Review of standard economic macro-aggregates)</li> <li>• Jeffrey Rogers Hummel, "Toward a Libertarian Reconstruction of Neoclassical Welfare Theory," <i>Journal of Private Enterprise</i>, 24 (Fall 2008): 119-30.</li> <li>• Jeffrey Rogers Hummel, "Latest GDP Revisions," <i>Liberty &amp; Power: Group Blog</i> (3 August 2009): <a href="http://hnn.us/blog/109277">http://hnn.us/blog/109277</a>.</li> </ul>
3	Sep 7	<p>Topic: Economic Growth</p> <p><u>Readings</u></p> <ul style="list-style-type: none"> <li>• Mankiw, chs. 3, 8</li> <li>• Twenty-minute video of Hans Rosling's TED presentation (February 2006): <a href="https://www.ted.com/talks/hans_rosling_the_best_stats_you_ve_ever_seen?language=en">https://www.ted.com/talks/hans_rosling_the_best_stats_you_ve_ever_seen?language=en</a>.</li> <li>• Stephen Davies, "The History of 'Underdevelopment'," <i>The Freeman</i>, 56 (June 2006) : 32-33, <a href="http://www.fee.org/files/docLib/davies6-06.pdf">http://www.fee.org/files/docLib/davies6-06.pdf</a>.</li> <li>• "Economic Freedom: Of Liberty and Prosperity," <i>The Economist</i>, 338 (13-19 January 1996): 21-23.</li> <li>• John Tierney, "Betting on the Planet," <i>New York Times Magazine</i> (2 December 1980), <a href="http://www.nytimes.com/1990/12/02/magazine/betting-on-the-planet.html?pagewanted=1">http://www.nytimes.com/1990/12/02/magazine/betting-on-the-planet.html?pagewanted=1</a>.</li> <li>• James Surowiecki, "Exporting IP," <i>New Yorker</i> (May 14, 2007); <a href="http://www.newyorker.com/talk/financial/2007/05/14/070514ta_talk_surowiecki">http://www.newyorker.com/talk/financial/2007/05/14/070514ta_talk_surowiecki</a>.</li> <li>• Benjamin Powell, "Some Implications of Capital Heterogeneity," from <i>Handbook of Contemporary Austrian Economics</i>, edited by Peter J. Boettke (Cheltenham: Edward Elgar, 2010), pp. 124-35.</li> </ul>
4	Sep 14	<p>Topic: Economic Growth</p> <p><u>Readings</u></p> <ul style="list-style-type: none"> <li>• Mankiw, chs. 9.</li> <li>• Snowdon &amp; Vane, ch. 11.</li> </ul>
5	Sep 21	<p>Topic:</p> <p><u>Readings</u></p> <ul style="list-style-type: none"> <li>• Snowdon &amp; Vane, ch. 2</li> <li>• Mankiw, ch. 10.</li> <li>• Ch. 12 (including appendix), "Business Fluctuations and the Dynamic Aggregate Demand-Aggregate Supply Model," from Tyler Cowen and Alex Tabarrok, <i>Modern Principles: Macroeconomics</i> (New York: Worth, 2009), pp. 241-67,</li> <li>• David Henderson, "Did Oil Price Increases Contribute Much to Stagflation?" <i>EconLog</i> (November 13, 2009): <a href="http://econlog.econlib.org/archives/2009/11/did_oil_price_i.html">http://econlog.econlib.org/archives/2009/11/did_oil_price_i.html</a></li> </ul>
6	Sep 28	Topic:

Week	Date	Topics, Readings, Assignments, Deadlines
		<u>Readings</u> <ul style="list-style-type: none"> <li>• Snowdon &amp; Vane, ch. 3 [except sec. 3.5 (pp. 123-35)];</li> <li>• Mankiw, chs. 11, 12.</li> </ul>
7	Oct 5	Topic: <u>Readings</u> <ul style="list-style-type: none"> <li>• Snowdon &amp; Vane, ch. 4 [except sec. 4.4 (pp. 187-92)]; Mankiw, chs. 14, 16.</li> <li>• David Friedman, “Why Risk Aversion Isn’t,” <i>Ideas Blog</i> (1 March 2008): <a href="http://davidfriedman.blogspot.com/2008/03/why-risk-aversion-isnt.html">http://davidfriedman.blogspot.com/2008/03/why-risk-aversion-isnt.html</a>.</li> </ul>
8	Oct 12	Topic: <u>Readings</u> <ul style="list-style-type: none"> <li>• Snowdon &amp; Vane, ch. 5 [except secs. 5.5.3-5.5.4 (pp. 249-62)];</li> <li>• Mankiw, ch. 17.</li> <li>• Pp. 245-54 from Richard A. Epstein, <i>Skepticism and Freedom: A Modern Case for Classical Liberalism</i> (Chicago: University of Chicago Press, 2003).</li> <li>• Robert Norton, “Corporate Taxation,” <i>Concise Encyclopedia of Economics</i>, 2d edn. (Indianapolis: Liberty Fund, 2008): <a href="http://www.econlib.org/library/Enc/CorporateTaxation.html">http://www.econlib.org/library/Enc/CorporateTaxation.html</a>.</li> </ul>
9	Oct 19	Mid-term exam <ul style="list-style-type: none"> <li>• Bring green/blue book, pen, and simple calculator (optional)</li> <li>• Examination will be 1 hour and 45 minutes.</li> </ul>
10	Oct 26	Topic: <u>Readings</u> <ul style="list-style-type: none"> <li>• Snowdon &amp; Vane, ch. 6.</li> <li>• Ch. 13, “The Real Business Cycle Model: Shocks and Transmission Mechanisms,” from Tyler Cowen and Alex Tabarrok, <i>Modern Principles: Macroeconomics</i> (New York: Worth, 2009), pp. 269-88.</li> <li>• Ch. 19, “Advances in Business Cycle Theory,” from N. Gregory Mankiw, <i>Macroeconomics</i>, 6th edn. (New York: Worth, 2007), pp. 528-46, available as a pdf file that will be emailed to all students.</li> </ul>
11	Nov 2	Topic: <u>Readings</u> <ul style="list-style-type: none"> <li>• Snowdon &amp; Vane, ch. 7 [except sec. 7.6 (pp. 376-78) and secs. 7.11-7.12 (pp. 409-27)]</li> <li>• Mankiw, ch. 15</li> <li>• “Schools Brief: Keynes Rides Again,” <i>Economist</i>, (17 February 1990): 98-99.</li> </ul>
12	Nov 9	Topic: <u>Readings</u> <ul style="list-style-type: none"> <li>• Snowdon &amp; Vane, ch. 9.</li> <li>• Ch. 8, “The Austrian and Post-Keynesian Schools,” from Brian Snowdon, Howard Vane, and Peter Wynarczyk, <i>A Modern Guide to Macroeconomics: An Introduction to Competing Schools of Thought</i> (Cheltenham, UK: Edward Elgar, 1994), pp. 351-397.</li> </ul>

Week	Date	Topics, Readings, Assignments, Deadlines
		<ul style="list-style-type: none"> <li>• Jeffrey Rogers Hummel, “Problems with Austrian Business Cycle Theory,” <i>Reason Papers</i>, n. 5 (Winter 1979): 41–53.</li> <li>• Hyman P. Minsky, “The Financial Instability Hypothesis,” Working Paper No. 74 (May 1992): <a href="http://www.levyinstitute.org/pubs/wp74.pdf">http://www.levyinstitute.org/pubs/wp74.pdf</a>.</li> </ul>
13	Nov 16	<p>Topic:</p> <p><u>Readings</u></p> <ul style="list-style-type: none"> <li>• Snowdon &amp; Vane, ch. 10 secs. 5.5.3 to 5.5.4 and secs 7.11 – 7.12</li> <li>• Mankiw chs. 18, 19</li> </ul>
14	Nov 23	No Class
14	Nov 23	<p>Topic:</p> <p><u>Readings</u></p> <ul style="list-style-type: none"> <li>• Snowdon &amp; Vane, sec. 3.5 (pp. 123-35), sec. 4.4 (pp. 187-92), sec. 7.6 (pp. 376-78)</li> <li>• Mankiw, chs. 5, 12.</li> </ul>
15	Nov 30	<p>Topic:</p> <p><u>Readings</u></p> <ul style="list-style-type: none"> <li>• Snowdon &amp; Vane, ch. 12; Mankiw, epilogue.</li> <li>• Paul Krugman, “How Did Economists Get It So Wrong?” <i>New York Times Magazine</i> (2 September 2009): <a href="http://www.nytimes.com/2009/09/06/magazine/06Economic-t.html">http://www.nytimes.com/2009/09/06/magazine/06Economic-t.html</a>.</li> <li>• John H. Cochrane, “How Did Paul Krugman Get It So Wrong?” (16 September 2009): <a href="http://faculty.chicagobooth.edu/john.cochrane/research/Papers/krugman_response.htm">http://faculty.chicagobooth.edu/john.cochrane/research/Papers/krugman_response.htm</a>.</li> <li>• Robert P. Murphy, “Cochrane Threatens Austrians More Than Krugman Ever Did,” <i>Free Advice Blog</i> (14 September 2009): <a href="http://consultingbyrpm.com/blog/2009/09/my-response-to-john-cochrane-who-was.html">http://consultingbyrpm.com/blog/2009/09/my-response-to-john-cochrane-who-was.html</a>.</li> <li>• Paul Craig Roberts, “What is Supply-Side Economics?” <i>CounterPunch</i> (25-26 February 2006): <a href="http://www.counterpunch.org/roberts02252006.html">http://www.counterpunch.org/roberts02252006.html</a>.</li> <li>• Charles W. Calomiris on the Financial Crisis, Podcast Interview with Russ Roberts, <i>EconTalk</i>: <a href="http://www.econtalk.org/archives/2009/10/calomiris_on_th.html">http://www.econtalk.org/archives/2009/10/calomiris_on_th.html</a> (one and a half hours in length).</li> </ul>
Final Exam	Dec 14	<p>Final Exam: 5:15pm – 7:45pm.</p> <ul style="list-style-type: none"> <li>• Bring blue/green book, pen, and a simple calculator (optional).</li> <li>• <a href="https://www.sjsu.edu/classes/final-exam-schedule/fall-2022.php">https://www.sjsu.edu/classes/final-exam-schedule/fall-2022.php</a></li> </ul>

## Optional Recommended Readings:

### General

John H. Wood, *A History of Macroeconomic Policy in the United States* (London: Routledge, 2009).

### Economic Growth

Robert J. Barro and Xavier Sala-i-Martin, *Economic Growth*, 2nd edn. (Cambridge, MA: MIT Press, 2004).

P. T. Bauer, *Dissent on Development: Studies and Debates in Development Economics* (Cambridge, MA: Harvard University Press, 1972).

Michele Boldrin and David K. Levine, *Against Intellectual Monopoly* (New York : Cambridge University Press, 2008).

William Easterly, *The Elusive Quest for Growth: Economists' Adventures and Misadventures in the Tropics* (Cambridge, MA: MIT Press, 2001).

Charles I. Jones, *Introduction to Economic Growth*, 2nd edn. (New York: W. W. Norton, 2002).

Michael Maren, *The Road to Hell: The Ravaging Effects of Foreign Aid and International Charity* (New York: Free Press, 1997).

Debraj Ray, *Development Economics* (Princeton, NJ: Princeton University Press, 1998).

Julian L. Simon, *The Ultimate Resource* (Princeton, NJ: Princeton University Press, 1981).

Hernando de Soto, *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else* (New York: Basic Books, 2000).

Hernando de Soto, *The Other Path: The Invisible Revolution in the Third World* (New York: Haper & Row, 1989).

David Warsh, *Knowledge and the Wealth of Nations: A Story of Economic Discovery* (New York: W. W. Norton, 2006).

David N. Weil, *Economic Growth* (Boston: Addison-Wesley, 2005).

### Business Cycles

Robert J. Barro, *Macroeconomics*, 5th edn. (Cambridge, MA: MIT Press, 1997).

James M. Buchanan and Richard E. Wagner, *Democracy in Deficit: The Political Legacy of Lord Keynes* (New York: Academic Press, 1977)

Tyler Cowen, *Risk and Business Cycles: New and Old Austrian Perspectives* (New York: Routledge, 1997).

James Rolph Edwards, *Macroeconomics: Equilibrium and Disequilibrium Analysis* (New York: Macmillan, 1991).

Roger W. Garrison, *Time and Money: The Macroeconomics of Capital Structure* (London: Routledge, 2001).

Robert J. Gordon, *Macroeconomics*, 8th edn. (Reading, MA: Addison-Wesley, 2000).

(continued)

## Optional Recommended Readings (continued):

Robert J. Gordon, ed., *Milton Friedman's Monetary Framework: A Debate With His Critics* (Chicago: University of Chicago Press, 1974).

Robert E. Hall and John B. Taylor, *Macroeconomics*, 5th edn. (New York: W. W. Norton, 1997).

Steven Horwitz, *Microfoundations and Macroeconomics: An Austrian Perspective* (London: Routledge, 2000).

John Maynard Keynes, *The General Theory of Employment, Interest, and Money* (New York: Harcourt, Brace, 1936).

Steven E. Landsburg and Lauren J. Feinstone, *Macroeconomics* (New York: McGraw-Hill, 1997).

David Romer, *Advanced Macroeconomics*, 4th edn. (New York: McGraw-Hill, 2012).

### Monetary Theory

**H. Geoffrey Brennan and James M. Buchanan**, *Monopoly in Money and Inflation: The Case for a Constitution to Discipline Government* (London: Institute of Economic Affairs, 1981).

Kevin Dowd and Richard H. Timberlake, Jr., eds., *Money and the Nation State: The Financial Revolution, Government and the World Monetary System* (New Brunswick, NJ : Transaction Publishers, 1998).

Friedrich A. von Hayek, *The Denationalization of Money--The Argument Refined: An Analysis of the Theory and Practice of Concurrent Currencies*, 2nd edn. (London : Institute of Economic Affairs, 1978).

Miles Livingston, *Money and Capital Markets: Financial Instruments and Their Uses* (Englewood Cliffs, NJ: Prentice Hall, 1990).

J. Huston McCulloch, *Money and Inflation: A Monetarist Approach*, 2nd edn. (New York: Academic Press, 1982).

Ludwig von Mises, *The Theory of Money and Credit*, rev. edn. (London: Jonathan Cape, 1934).

Don Patinkin, *Money, Interest, and Prices: An Integration of Monetary and Value Theory*, 2nd edn., abridged (Cambridge: MIT Press, 1989).

Murray N. Rothbard, *The Mystery of Banking* (New York: Richardson & Snyder, 1983).

Thomas J. Sargent, *Rational Expectations and Inflation*, 2nd edn. (New York: HarperCollins, 1993).

George A. Selgin, *A Theory of Free Banking: Money Supply Under Competitive Note Issue* (Totowa, NJ: Rowman & Littlefield, 1988).

Lawrence H. White, *The Theory of Monetary Institutions* (Oxford: Blackwell, 1999).