

Course Description: *This course explores the economic performance of nations, how well do countries do in providing residents with employment and rising standards of living. This matters because in 2020 China will likely become the world's largest economy, and according to Hans Rosling, The United States is emerging from the "Great recession one of sharpest downturns since the 1930s. Europe was hit by the same recession, and Greece and Spain have over 25% unemployment. This is unacceptable and extremely damaging particularly for young workers just entering the labor force. Why was this recession so severe? What can be done to speed recovery? The United States also has growing inequality which some economist blame for the crisis? What's wrong with inequality? Did it contribute to the Great Recession? Macroeconomists generally argue inequality is the price we pay for high economic growth, people work hard if there is more potential to accumulate wealth. But right now we have high inequality and slow growth. In their book "Why nations fail" Acemoglu and Robinson (2012) argue that "inclusive" as opposed to "extractive" institutions are the key to long run growth. One of their examples is the American South where even after the civil war the American South was dominated by the same land own class, this finally began to change in 1955 with Martin Luther King and Rosa Parks began a long struggle to end segregation in the South. Once the South replaced its "extractive institutions" with a more inclusive and fair system of governance, growth took off and the South finally caught up with North economically (most foreign car manufactures, for example, located in the South). In addition to inequality, we all examine the role of financial sector in the recent crisis, this affects all of us here in New York, but is particularly important in finding the right balance of regulations and policies that will both prevent future financial crises and encourage recovery and growth and a more constructive role for the financial sector. The Blinder book "After the music stopped..." does this very effectively. Finally, what is wrong with Europe, Ireland is recovering a little, but Italy, Spain, Portugal and Greece are still mired in a deep recession with unemployment over 25% in the case of Spain and Greece, how did this happen? How can it be fixed? This is what Krugman focuses on in "End this recession now." He has strong views, which we can also compare with more moderate economists, such as Gregory Mankiw author of our main text.*

Course requirements: Class participation is essential and counts 10% toward your grade. Quizzes and homeworks contribute about 25% while the midterm and final exam account for 55% of the course grade (25% and 35%) The remaining 10% of the grade will be for a short paper on a topic that interests you and that is directly relevant to the course. Drafts of these papers are due just before the Thanksgiving holiday, submitted on turnitin.com for comments and hopefully minor revisions before the end of the Semester. Students are encouraged to present the arguments of their paper to the class, and or to collaborate with other students in researching a short paper (though this is not necessary). Depending on how well you do we can adjust the weights of these components of your final grade (we will have a little rule for this so the spreadsheet can do it automatically¹ For daily news events, assignments, announcements we should have a blog (Facebook) but we don't, instead we have a course calendar, updated weekly, typically Friday. If you want me to send you and email when the calendar is updated, send me the email I should use and I will add you to this list, otherwise just check the calendar frequently, things change, people I have questions, typos need to corrected, all of this happens on the course calendar. This Syllabus is set in stone, more or less, it does not change, but both are always available on my web page, which is www.fordham.edu/economics/mcleod. For now, we will use turnitin.com . Final exam: Thursday, December 12, 1:30 pm very likely in the same room we meet in.

Paper topic: *this could change but I am leaning toward a Grand Pursuit paper topic, take a key actor in the current crisis (or any influential leader on economic issues) and examine what they have done, what they*

¹ This is in fact how a chain price index works: the weights of spending on various items are adjusted "automatically" so the index itself changes over time.... Just like the weights used to determine your grade will change depending on how well you do with each group of assignments. In the real world it is the price goods that makes us do this. For example, if cable TV becomes too expensive people switch to Hulu and other online forms of entertainment. They avoid huge cable bills by switch to alternative forms of entertainment. If the U.S. government used this flexible index rule, a chain consumer price index, your generation would save billions of dollars. How? The Obama administration has made just such a proposal. A chain index is in fact a beautiful and simple application of the law of supply and demand to a problem that affects us all, measuring the cost of living)

contributed to policy or our understanding of economics, and why this matters to all of us. Obvious candidates are Janet Yellen, Ben Bernanke and Mario Draghi, but there are many others. We can come up with a wide range of candidates. Suggestions welcome, perhaps we can broaden the net to include Michelle Bachelet, Margaret Thatcher or others.

Office Hours and tutoring: Congratulations on being part of the Honors program at GSB. As you know, you have the opportunity of getting special assistance from senior members of the Honors program, just contact Greg Dunne if you need this sort of assistance. The Economics department also has an excellent tutoring center, staffed with our hard working graduate students. All sections of macroeconomics use the same text (Mankiw) so they should be very familiar with the material we will be covering. My office hours are *Wed 9:30-10:30pm and Monday/Thursday 5:30-6:30pm or by appointment. Office hours are in E-527 Dealy, but check in 208A Dealy Wednesday to see if I got stuck in class. Also check my web page for changes in Office hours, it is always best to confirm a meeting by email at mcleod@fordham.edu and/or by calling my cell 914 661-6998 when you get to my office or in the AM the same day. On days we have HWs due, I will have an office hour at 1pm, those will be posted. Often assignments will be due on turnitin.com. When this happens you can often ask your question in class and then revise your answer to turn it in that evening. This is a good idea because if you have question, others may have the same problem.*

Required and Recommended texts: **I suggest purchasing these books,*

*Mankiw, Gregory (2010) ***Principles of Macroeconomics 6th edition***, Southwestern, 0538453060 be sure to get the 6th edition. A kindle copy available free for 7 days for IPAD or Kindle devices, renting the ebook semester is \$74, typically you can sell the book back at the end of the Semester, but watch out, the 7th edition may be out in January.

*Krugman, P. (2012) *End this Depression now!*, WW Norton, NY [\\$9.5 ebook](#) \$15 pap, [read intro](#), [0393088774](#)

*Blinder, Alan (2013). *After the Music Stopped: The Financial Crisis, the Response, and the Work Ahead*, Penguin HC 1594205302, \$12 kindle.

Kindleberger, C.P. & R Z Aliber (2011) *Manias, Panics and Crashes*, 6thed Palgrave Macmillan, just Chapter 13.

Lecture Topics Fall 2013:

1. Macroeconomics: what is the problem? Mankiw Chapter 23, Six Debates, read just the first two, 515-20, also read Chapter 1, *Answer questions 4, 5 and 8,9 briefly, Don't worry if you cannot answer these completely now, try to identify which of the 10 principles is relevant to each question, we will discuss these answers during the 2nd lecture.*
2. **Mankiw Chapter 2: Basic Tools: models circular flow and of production possibilities.** what is supposed to happen when capital flows into/out of countries change direction.... classical and modern approaches to balance of payments adjustment.
3. Mankiw Chapter 3: Interdependence and the gains from Trade. Who gains from Trade with China?
4. Chapter 4: How markets work, supply and demand, what to do when markets don't work well (the market for labor and clean air)
5. Chapter 10: the data of Macroeconomics Measuring a nations income (when will China catch up with the U.S. both in terms of trade, total output and income persons.
6. Chapter 11: measuring the cost of living. Why not switch to a Chain CPI?
7. Chapter 12: The wealth of nations, how did the West become so much richer than the rest (Asia)? Are we trading places? Why is China growing 7% + a year while we are struggling along at 2%, barely.
8. Chapter 13: The financial system what is it good for, what went wrong in 2008, how can it be fixed? Have we fixed it? Why did Lehman Brothers fail? Should the government have saved Lehman? Why didn't they? See Blinder on this and an excellent Frontline documentary (or Matt Damon, Inside Job?)
9. Chapter 14: The basic tools of Finance, how financial markets work (and fail). Why did we need TARP, did it work?
10. Chapter 16: Unemployment, why is it so high here and in Europe, have computers and robots (3D printers) put the middle class out of work? Do immigrants, here and in China, take jobs and raise unemployment? See Peri's article in the San Francisco Federal Reserve bank.
11. Chapter 16: Money and prices, what is UMP? Did QE1, QE2 work? Final Exam: