

Stanford Graduate School of Business
MgtEcon 300: Growth and Stabilization in the Global Economy

Spring 2022 — Syllabus

Section 1: Monday / Thursday: 8:10 – 9:30am

Section 2: Monday / Thursday: 9:50 – 11:10am

Midterm exam: Take home exam, 2 hour window on Tue 5pm to Wed 5pm April 26-27.

Final exam: Take home exam, available Thur June 2 at 8am, due Wed June 8 at Noon.

Please read this syllabus carefully before the first class and complete the assigned readings for that class. The syllabus contains essential information about schedules, assignments, exams, and the commitments you make to take this course.

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Canvas: The course syllabus, handouts, supplementary materials, and homework assignments and answers will be posted on Canvas.

Required Text: Charles I. Jones, *Macroeconomics*, 2020 (5th edition), W.W. Norton.

Course Reader: There is a digital course reader containing required supplementary readings. All readings are available on Canvas. Links to original sources are also available in the syllabus, but may have restricted access.

Overview: This is a survey course in macroeconomics. This course gives students the background they need to understand the broad movements in the global economy. Key topics include long-run economic growth, technological change, booms and recessions, inflation, interest rates, monetary and fiscal policy, wage inequality, international trade, and exchange rates.

By the end of the course, students should be able to read and understand the discussions of macroeconomic issues in *The Economist*, the *Wall Street Journal*, the *Economic Report of the*

President, or the Congressional Budget Office. The course will be self-contained, so students who have not had any prior exposure to macroeconomics should be able to complete the course successfully.

Grading: Grades are determined as follows: 50% based on the final exam, 25% based on the midterm, and 25% for group homework assignments.

The midterm exam is an open-book take-home exam. It is NOT a group assignment, and your work must be entirely your own. The midterm will be posted to Canvas at 5:00 PM PT Tuesday April 26. You will have 2 hours to complete the exam from the time you start it, and you can choose to start it anytime from when the exam is posted until 5:00 PM PT on Wednesday April 27. If it will help your grade, we will use your final exam score in place of your midterm score in computing your overall grade for the course. However, note that the midterm is easier than the final. That is our goal. We want to reward those who take the midterm seriously.

The final exam is an open-book take-home exam. It is NOT a group assignment, and your work must be entirely your own. The final will be posted to Canvas at 8am on Thursday, June 2. The exam will be due no later than Wednesday, June 8 at Noon. We expect the final exam to take 4–6 hours to complete, depending on your preparation. You must submit your final exam online using Canvas before the deadline. Midterm and Final Exam dates and times cannot be changed, and no exceptions will be made.

Any re-grade requests must be made within 5 days after we return the exam to you. The request MUST be done in writing and returned to the instructor with the entire exam. The request should include a description of the problem and why you think the exam should be graded differently. In such cases, we will re-grade the entire exam — not just the question you identified.

At times, we may “cold call,” asking questions on readings for a class session. The cold calls create an incentive for everyone to be well prepared for class, leading to a much more stimulating class discussion. We will use a three grade system for participation (below standards for the class, at standards for the class, and well above the standard for the class); students will be notified if and when they fall into the first category. We will not always cover all material in the assigned chapters and readings in class but will expect you to have done the reading. We understand class participation will be difficult this year given the online class format.

No one is allowed to take the course as an auditor or on a pass/fail basis. Due to the structure of the course, a student will not have a successful learning experience if he or she is not able to put in the required time outside of the classroom doing the readings and assignments. Also, students who are not adequately prepared can slow the class down and take away from the quality of the experience for those students who are prepared.

Course Requirements:

- **Prepare.** Do the assigned readings before the start of class and come to class prepared to discuss them. The readings include chapters from the textbook and short articles in the course reader or handed out in class. You must be prepared to summarize each reading in class if called upon.
- **Attend.** If you miss more than two classes your grade may suffer. In accordance with Stanford GSB rules, you are required to notify us (ahead of time if possible) to indicate each class that is missed. *Please use [this form](#) to notify us of your absence.* (There is also a link to the form on the Canvas home page for the course.) You must remain in the same seat throughout the quarter.
- **Gadgets and gizmos.** No laptops, phones, or tablet computers may be used in class without the explicit permission of the instructors.
- **Check the web site.** We will use the course web page to let you know about any changes in readings, corrections in the handouts, etc. This is very important: If you do not check the web site regularly, you will miss important information.
- **Be informed.** Students are required to read the business section of a major newspaper — preferably *The Wall Street Journal*, the *Financial Times*, or *The Economist* — in order to stay abreast of developments in the world economy.
- **Turn in group assignments.** Four homework assignments will be posted on Canvas. You are required to turn in answers to all four assignments via Canvas when they are due (see the syllabus below for precise dates and times). *No late assignments will be accepted.* Failure to hand in an assignment will affect your class participation grade. Bound by the honor code, you are not permitted to look at solutions to assignments from previous years. Solutions to the assignments will be posted on Canvas shortly after the deadline. Assignments will be graded on a “check+ (3),” “check (2),” “check- (1),” basis. *We will drop your lowest assignment grade in computing your homework average.*
- **Assignment groups.** You are strongly encouraged to work in groups (containing at most 4 members), and *each group should submit a single PDF solution.* You will form groups in Canvas for the first assignment and keep the same assignment group for the entire course. Groups may include students from different sections, but only among sections taught by the same professor.
- **Take the exams.** Subject to the conditions described above. IMPORTANT: Exams will NOT be group assignments, and your work must be entirely your own.
- **Optional 15-Minute Presentations in Penultimate Class.** Toward the middle of the quarter, we will send out an announcement soliciting proposals for a 15-minute group presentation that will occur in the next-to-last session of our course. We will select FOUR groups to present in each section. These presentations can be on any aspect

of macroeconomics and business that a group finds interesting. The goal is to educate and inform the rest of the class about a topic of interest. The reward for a presentation will be up to 5 extra points on the final exam (based in part on the quality of the presentation and in part on the standard deviation of the test, which is scored out of 120 points) for each group member. Groups must be between two and four students in size.

Course Schedule and Outline

Introduction

March 31: *An Overview of Macroeconomics*

Jones, Chapters 1, 2, and 3.

The Long Run

[Assignment 1 available Friday April 1 at 5pm]

April 4: *Why are some countries richer than others?*

Jones, Chapter 4.

Amartya Sen, "[Quality of Life: India vs. China](#)" *New York Review of Books*, May 12, 2011.

April 7: *Why do economies grow? Inputs?*

Jones, Chapter 5.

"[No Need to Dig](#)" *The Economist*, November 2, 2013.

[Assignment 1 due Sunday April 10 at 11:59pm]

April 11: *Accounting for Growth*

Jones, Chapter 6 (Section 5 only).

Paul Krugman, "[The Myth of Asia's Miracle](#)," *Foreign Affairs*, Nov/Dec 1994.

Paul Romer, "[For Richer, For Poorer](#)" *Prospect*, January 27, 2010.

Thomas Friedman, "[Why Nations Fail](#)" *New York Times*, March 31, 2012.

[Assignment 2 available Wednesday April 13 at 5pm]

April 14: *The Economics of Ideas*

Jones, Chapter 6 (Sections 1 and 2).

Paul Romer, "[Economic Growth](#)" *The Concise Encyclopedia of Economics*, David R. Henderson, ed. Liberty Fund, 2007.

"[Should Consumers Be Able to Sell Their Own Personal Data?](#)" *Wall Street Journal*, October 13, 2019.

"[Ten Facts about the Economics of Climate Change and Climate Policy](#)" The Hamilton Project and the Stanford Institute for Economic Policy Research, October 2019.

April 18: *Innovation and Economic Growth*

Jones, Chapter 6 (Sections 3 through 8).

Eduardo Porter, "[America's Best Days May Be Behind It](#)" *New York Times*, January 19, 2016.

Greg Mankiw, "[One Economic Sickness, Five Diagnoses](#)" *New York Times*, June 17, 2016.

[April 20: Announcement and solicitation of Group Project proposals]

April 21: *Globalization and Trade*

Jones, Chapter 19.

Leonard E. Read, "[I, Pencil: My Family Tree as told to Leonard E. Read](#)" December 1958(!).

Alan Blinder, "[Five Big Truths About Trade](#)" *Wall Street Journal* April 21, 2016.

[Assignment 2 due Sunday, April 24 at 11:59pm]

April 25: *The Dismal Science: Unemployment and Inequality*

Jones, Chapter 7.

David Brooks, "[The Biggest Issue](#)" *New York Times*, July 29, 2008.

Matthew Yglesias, "[The Automation Myth](#)" *Vox.com*, July 27, 2015.

David Leonhardt, "[Our Broken Economy, in One Simple Chart](#)" *The New York Times*, August 7, 2017.

April 26–27: *** **Midterm Exam** *** (2 hour window on Tue 5pm to Wed 5pm)

April 28: *The Dismal Science: Inflation in the Long Run*

Jones, Chapter 8.

Anatoly Kurmanaev, "[Venezuela's Collapse Is the Worst Outside of War in Decades](#)" *New York Times*, May 17, 2019.

Chris Burniske, "[Cryptoasset Valuations](#)" *Medium*, September 24, 2017.

The Short Run

May 2: *Booms, Busts, and the IS Curve*

Jones, Chapters 9, 10, and 11.

[Assignment 3 available Wednesday May 4 at 5pm]

[Group Project Proposals due by Wednesday May 4 at 11:59pm]

May 5: *Monetary Policy and the Phillips Curve*

Jones, Chapter 12. Also, Chapter 14, pp. 393–398.

Greg Ip, “[Is Inflation a Microeconomic Problem? That’s What Biden’s Competition Push Is Betting](#)” *Wall Street Journal*, January 12, 2022.

May 9: No class this day. Replaced by the Guest Speaker on May 10.

May 10 (Tuesday), Noon–1pm: *Guest Speaker — Jan Hatzius*

Jan Hatzius is the Chief Economist at Goldman Sachs. He will be our guest speaker at a special Zoom session of our class for all MgtEcon 300 sections from Noon - 1pm on Tuesday, May 10. More details to come.

May 12: *Stabilization Policy & Expectations*

Jones, Chapter 13 (Sections 6 and 7), rest of Chapter 14.

Chad Jones, “[COVID-19 and the Macroeconomy](#)” February 2021.

[Assignment 3 due Sunday May 15 at 11:59pm]

May 16: *The Global Financial Crisis in Light of the Great Depression*

Christina D. Romer, “[The Nation in Depression](#)” *Journal of Economic Perspectives*, Spring 1993, 7(2), pp. 19–39.

Ben Bernanke, “[Asset-Price ‘Bubbles’ and Monetary Policy](#)” October 15, 2002 (Federal Reserve speech).

Koichi Hamada, “[Does Japan Vindicate Modern Monetary Theory?](#)” *Project Syndicate*, July 1, 2019.

[Assignment 4 available Wednesday May 18 at 5pm]

May 19: *The Fiscal Problem of the 21st Century*

Jones, Chapter 18.

Ted Nordhaus, “[For a Clean-Energy Future, We Need Deregulation.](#)” *The Wall Street Journal*, February 17, 2022.

May 23: *Exchange Rates and the International Financial System*

Jones, Chapter 20.

“[What the German economic model can teach Emmanuel Macron](#)” *The Economist*, May 27, 2017.

“[The IMF cannot solve Argentina’s dysfunction.](#)” *The Economist*, January 29, 2022.

[Assignment 4 due Wednesday May 25 at 11:59pm]

May 26: *Group Presentations*

June 1: *Wrap-Up*

Jones, Chapter 21.