

**Economics 448W – Current Macroeconomic Issues
Course Syllabus**

**Prof. Steven Fazzari
Spring, 2019**

Office: Seigle 185

Office Hours: Tuesday 2:45 – 4:15; also often available right after class on Mondays and Wednesdays.

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Readings and other course materials are posted on the course site for Econ.448W:
<https://pages.wustl.edu/fazz/courses/economics-448w-home-page>

This course has three broad objectives. First, we examine, in detail, the logic and evidence behind several approaches to understanding macroeconomic fluctuations and economic growth. This analysis builds upon the foundation laid in Economics 1021 and 4021. Second, we apply macroeconomic theory to evolving current events and policy debates. The focus is on issues facing the U.S. economy, but we also consider international trade and topics relevant to other developed countries. Third, this is a writing intensive course; students will improve their ability to communicate ideas in clear and coherent writing.

The backdrop for much of this course is the aftermath of the “Great Recession” that began in late 2007. This was the most significant U.S. macroeconomic event since World War 2. We will discuss in detail how various macroeconomic theories explain the Great Recession. In addition, the unusually slow recovery following the recession was unusual and played an important role in the 2016 national election. We will study how and why this recovery had differed from others and discuss what both the recession and subsequent stagnation teach us about the relevance of different macroeconomic theories.

In early 2019, the U.S. economy is widely believed to be in good shape, near “full employment.” We will assess current conditions critically and also consider rumblings about a possible slowdown (even a recession) that emerged toward the end of 2018.

Based on a deep analysis of the forces driving the current U.S. economy we will also explore economic policy. The macroeconomics of fiscal policy (government spending, fiscal deficits, and tax policy) are important both for economic and political reasons. The effects of international trade policy on jobs and growth has become a prominent, and contentious, issue in the first two years of the Trump administration. Monetary policy is always a topic of interest, especially with recent questions about whether the U.S. Federal Reserve will continue a slow, but steady, increase of interest rates.

There is no textbook for this course. Reading are drawn from academic articles, policy analyses, and newspaper articles. You should purchase the excellent book on writing by Joseph Williams and Joseph Bizup, *Style: Lessons in Clarity and Grace*.

CLASS ENVIRONMENT AND TEACHING STYLE

A central focus of this course is how well evidence aligns with different theoretical perspectives. We want to explain how modern developed economics, the U.S. in particular, operate in the reality of the early 21st century. There is no consensus about the best way to understand real-world macroeconomics. There are a variety of different approaches and much controversy among prominent economists about which approach is most effective. Policy recommendations and political views often connect with different macroeconomic perspectives.

There will be room for spontaneity in how our class discussions evolve. Although there is a clear plan for each class, the specific content discussed can vary based on observations of the instructor and comments or questions from students. For this reason, this class may seem less scripted than other economics courses. This teaching style can pose challenges for students. I will discuss many ideas and compare perspectives. I present content rapidly with quickly evolving logical threads. Students need to work hard to understand the material presented in class. Recognize that many important ideas will not be fully covered in reading material. Class attendance is very important in this course. Come to class ready to engage.

The challenge of explaining a complex and nuanced reality is not an excuse for lack of clarity. I ask a lot of my students, but I also strive to present concepts and evidence in ways that students who are fully engaged with the class can understand thoroughly. Students should feel free to ask questions at any time during class if something is unclear. You may certainly follow up outside of class, but do not be shy about raising questions in class. Most likely, if something is not clear to you other students will benefit from your effort to better understand what is going on.

In my opinion, this challenging teaching style is well suited to an advanced class that strives for deep understanding. Students who choose to take this class should be ready for this kind of approach.

This semester I hope to experiment with some new approaches in class to facilitate greater discussion and move the focus somewhat away from theoretical exposition to grappling with current, real-world issues. For this reason there may be more deviations than usual from the plan set out at the beginning of the semester.

WRITTEN ASSIGNMENTS

Exercises

I may assign a few exercises that receive low weight in the course grade. While these assignments are similar to “homework” in other economics classes, grades will depend, to a greater extent than usual, on the clarity and coherence of writing.

Essay Assignments on Macroeconomic Issues

Essay assignments will be posted on the course website. The major essay assignments and planned due dates are:

1. Classical model summary – This assignment is in two parts. The first part, due **Monday, February 4**, requires answers to a set of basic questions about the classical model. Based on your answers to these questions and feedback you

receive on the first part, you will describe the basic theoretical results of the classical macroeconomic model in a compact summary essay, not to exceed a strict limit of 500 words in length. This second part of the assignment is due on **Monday, February 20**. Do not let the short length mislead you; this is a challenging assignment. Expect to devote as much time to it as you would to a longer paper.

2. A first draft of midterm essay #1 is due on **Thursday, March 7** (right before spring break). This question will ask you to apply classical macroeconomics to a real-world issue in an essay of 1,000 to 1,500 words. You will receive a grade and comments on the first draft soon after spring break. You will then submit a revised version with essays #2 and #3 on **Wednesday, April 3**.
3. Midterm essays #2 and #3 are due on **Wednesday, April 3**. These questions will ask you to compare and contrast the main theoretical paradigms that we explore in the first half of the semester in applications to two macroeconomic issues. Each essay will be approximately 1,000 to 1,500 words.
4. Final essays. You will write two compact, carefully polished essays on current macroeconomic issues facing the U.S. economy. The topics of the essays are your choice from a menu of options distributed in early April. Each essay should be 1,500 to 2,500 words in length. The first essay is due on final day of the semester, **Friday, April 26**. The second essay is due during final exams on **Monday, May 6**.

Careful, thoughtful revision is absolutely necessary for effective writing. For the classical model summary and midterm essay #1, you will receive comments and a grade on your first draft and you will have an opportunity to revise your writing and submit it again for a new grade. Regardless of the revision system used for grading, the essays you submit in this course you should *never* turn in work that you have not carefully revised. You need to complete a first draft of any assignment, no matter how short, somewhat before the deadline. After finishing the first draft, you should do something else for a while and then give the assignment a fresh look. When you read over your work, if you think there is some chance that one of your ideas is not clearly expressed, work on it aggressively until it seems crystal clear to you. In my experience, if the author thinks that there *might* be a problem of clarity in writing, the reader will almost certainly perceive a *major* problem.

CLASS PARTICIPATION

Although this course is “writing intensive,” I view its mission more broadly as improving communication, which includes spoken expression as well as writing. Class attendance is essential and required. I encourage you to demonstrate your engagement during class by asking questions, making comments, and answering questions that I ask.

You will receive a grade for class participation. Attending class regularly sets a base to your participation grade of a low B (14 points on the scale presented below). Even small contributions will quickly raise your grade from this level. You do not have to talk extensively to receive a good participation grade. I will not keep track of every word that you utter. Rather, I look for evidence that you regularly ask questions or offer comments.

Questions in my office hours, sessions with the course assistant, or e-mail questions may also contribute toward the participation grade. But there is a “positive externality” to class participation: your comments benefit others when they are made during class time.

GRADING

All grades in the course use a common 20-point scale. You can interpret grades with the following absolute scale:

- **20:** A+, truly outstanding work that far exceeds expectations
- **18-19:** A, an excellent effort that is as good as I could reasonably hope for
- **17:** A-, almost an A, but with some room for improvement in the details
- **16:** B+, good grasp of the major objectives, but details need improvement
- **14-15:** B, main ideas correct, but some significant things could be improved
- **13:** B-, some major problems with your understanding and/or communication; likely poor understanding of major ideas presented in class
- **10-12:** C, shows effort and some understanding, but misses much of the main point and likely does not effectively link your analysis to course material
- **Below 10:** Unacceptable work for an advanced economics student.

Each assignment will receive a weight, and the final grade will be a weighted average of everything you produce during the semester. Although I will determine the detailed weights of each assignment at the end of the semester, I plan to conform roughly to the following plan:

Shorter exercises	5%
Class participation	10%
Classical Summary Essay	16% (6% on first draft questions, 10% for essay)
Midterm Essays	24% (split credit for first draft and revision of #1)
Final Essays	45% (split equally between the two parts)

The final essay assignments will receive, by far, the greatest weight in the course grade. This emphasis reflects the cumulative character of the course material. I also expect your writing to improve throughout the semester, so it is your interest to put more weight on the final assignments. The final essays give you the chance to demonstrate what you have learned throughout the semester and how well you can communicate your understanding with an original analysis of real-world macroeconomic issues in clear, interesting prose.

Grading Guidelines for Writing

I modified (in minor ways) the following grading guidelines from the syllabus of a colleague who had experience with writing-intensive instruction in the social sciences. I cannot promise to follow these guidelines strictly, but I believe they provide useful ways of thinking about the characteristics of good, mediocre, and poor writing.

A – An A paper shows a detailed understanding of your argument; demonstrates coherent organization; provides supporting evidence, used appropriately; and has few or no mechanical mistakes. The paper contains clear, unambiguous sentences, perhaps with a touch of elegance. In the best A papers, you write with a lively and intelligent voice, showing you have something interesting to say, and you can say it clearly and gracefully

to an appropriate audience, while supporting it fully.

B – A B paper has a clear thesis, organization, and continuity. It may have some minor mechanical errors, but no major ones. Your style may be slightly awkward at times. The ideas are anchored in theory and evidence, showing that you have thought enough about the topic but the clarity and logic of your argument could be improved substantially. You have a definite point to make and make it in an organized and competent way.

C – A C paper has a weak, fuzzy thesis and perhaps illogical or confusing arguments to support it. The writing may be sloppy, with many minor mechanical errors and perhaps some major ones (such as incomplete sentences). You give examples for their own sake or to show you have retained something from the course, not to prove a point. Organization sprawls; words are misused; diction is misused; proofreading is weak.

D – A D paper has no thesis and/or major mechanical problems; poor organization; serious misunderstanding of the evidence; stretches in which you simply ramble on for no apparent purpose.

F – Either you've plagiarized, or your paper is an absolute mess.

DEADLINES AND EXTENSION POLICIES

In the interest of good course organization and fairness to all students, I try to follow clear procedures for deadlines and extension requests. I hope that these procedures will give students some flexibility, while preventing anyone from getting too far behind, in a way that is fair to all students. Please read the following policies carefully and resolve any questions that you have early in the semester.

Every assignment has a due date. Students will submit their work via e-mail to Professor Fazzari by 11:59 pm of the due date.

You may request extensions for assignments by e-mail to me. Any request should explain the reason for the extension and *propose a date when the assignment will be submitted*. (Please make sure to do this; students often request extensions without proposing an alternative due date.) Requests for extensions of up to a week will usually be granted, although requests from students who have already taken extensions during the semester will receive greater scrutiny. Requests for extensions must be made *no later than 24 hours* before the class when an assignment is due (unless the problem is a severe health or family emergency).

Grades on late assignments without an extension will be reduced one half point per day of delay (see the grade scale above) following the due date. For example, an assignment that was due on Monday would receive a half point penalty if it was turned in on Tuesday. The penalty would rise to one point on Wednesday, one and a half points on Thursday, etc. The same reduction will occur for assignments with authorized extensions if they are submitted later than the date agreed upon at the time an extension is granted.

Important Note for Graduating Seniors: Final grades must be turned in early for spring degree candidates. Extension requests on the second part of the final assignment for graduating seniors may not be granted, especially if they are made at the last minute. Plan accordingly!

ACADEMIC INTEGRITY IN ECON 448W

By this stage in your educational career, I expect you understand standards of academic integrity but this course is somewhat different from other economics classes. All written work is done outside of class. I encourage students to talk among themselves about the course material, a particularly effective way to learn from each other. Work that you submit under your name, however, must be your own. It would be inappropriate for you to ask a classmate to edit or otherwise comment directly on your written work. I also guide teaching assistants to turn down requests along the lines of “could you take a look at this essay to see if I am on the right track?” Whether you are talking with a classmate, a teaching assistant, or the instructor it would be better to ask about a specific concept if it is unclear.

TOPIC OUTLINE and READING (Subject to Revision)

The planned topics and dates we will address them in class are available on the course website here: <https://pages.wustl.edu/fazz/courses/economics-448w-home-page/course-materials-readings>.

Revisions in the schedule may be necessary depending on how topics and discussion evolve over the semester.

Readings are linked to the topics. They are all be available for download from the course site. I strongly encourage students to read the relevant material *before* the assigned class. Additional readings may be added during the semester. Also, news articles on current issues will be posted for you to read and us to discuss in class, especially during the second half of the semester. These articles will be particularly useful for your final essays. See the news article page here: <https://pages.wustl.edu/fazz/courses/economics-448w-home-page/news-articles-econ-448w>.

I have developed a web-based resource to explain basic macroeconomic concepts and current policy issues. This site is called “Muddy Water Macro.” You can read about the site at <http://muddywatermacro.wustl.edu>. I encourage you to look at the material on the site and, please, to share comments with me about anything that is unclear or further topics you would like to see developed.

There are detailed notes available for the class on Wednesday, January 16. We will cover this material in class rather quickly to save class time. Please read these notes in detail *before class* on January 16. We may use a similar approach for material on January 23 if I have time to prepare these note. More information will be given in class.