

**American University
School of International Service**

SIS 628: 007—Communicating Economics to Non-Economists


Spring 2019

Wednesdays 8:20-10:50 PM

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SYLLABUS (Revised, March 20, 2019)



“The purpose of studying economics is not to acquire a set of ready-made answers to economic questions, but to learn how to avoid being deceived by economists”

Joan Robinson

“I can’t think of a President who has been over-burdened by a knowledge of economics”

Paul Samuelson

Course Description

Economics is too important to leave to economists. This course aims to provide an understanding of the concepts of economics in a manner that enables non-economists to understand them intuitively and able to communicate them to others. The focus is on understanding *macroeconomics*, the study of income. We’ll first study what macroeconomists know—or claim to know—about why incomes generally go up, why they differ across countries and people, and the role institutions and policies play in making incomes grow. Then we’ll turn to why incomes fluctuate—why there are booms and recessions—and whether economic policies can tame such cycles. The course takes a broad view of macroeconomics: some sessions will discuss the interactions between macro and other fields, specifically housing markets and energy & climate economics. Throughout the course, we will study examples of how macroeconomic concepts are communicated by the media and class assignments will train students on how to spot biases and errors.

Course Outline

Introduction: Trends and Cycles in Income

Jan. 16: Long-Run Income

Jan. 23 & 30: Business Cycles

Going Beyond Growth

Feb. 6: Inequality and Sustained Growth

Feb. 13: Energy and Climate Change

Feb. 20: [Snow day: classes cancelled]

Feb. 27: GDP and Happiness; Housing Markets

Globalization

Mar. 6: Trade

Mar. 20: Financial Globalization

Mar. 27: Structural Policies, Growth and Jobs

Macro Policies & Summing-Up

Apr. 3: Fiscal & Monetary Policy

Apr. 10: Inclusive Growth

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Student Presentations

Apr. 17: Presentations of Policy Briefs

Apr. 24: Presentations of Policy Briefs

Key Readings:

Acemoglu, Daron, Simon Johnson and James Robinson, [*Institutions as a Fundamental Cause of Long-Run Growth*](#), Chapter 6 in Handbook of Economic Growth, 2005 (referred to in the Schedule below as AJR).

Ostry, Jonathan, Prakash Loungani and Andrew Berg, *Confronting Inequality: How Societies Can Choose Inclusive Growth*. Columbia University Press, 2019 (referred to in the Schedule below as OLB).

Weekly Schedule:

Jan. 16: Long-Run Income

- 1) OLB, Balancing Equity and Efficiency, Chapter 1, 1-11.
- 2) AJR, Causes of Income Differences: Institutions, Geography, Culture, 388-421.

Jan. 23: Business Cycles

- 3) NBER, [Information on Recessions and Recoveries](#), Business Cycle Dating Committee.
- 4) Ball, Laurence, Daniel Leigh and Prakash Loungani, 2017, Okun's Law: Fit at 50? *Journal of Money, Credit and Banking*, 2017. ([WP version](#))

Jan. 30: Business Cycles (continued)

- 5) Blanchard, Olivier, 2016, [The US Phillips Curve: Back to the 60s?](#) Peterson Institute for International Economics, Policy Brief 16-1, January.
- 6) Kliesen, Kevin, 2019, Is the Fed Following a Modernized Version of the Taylor Rule? [Part 1](#) and [Part 2](#), Economic Synopses, Federal Reserve Bank of St. Louis, no. 2, no. 3.
- 7) Teles, Pedro and Harald Uhlig, 2013, [Is Quantity Theory Still Alive?](#) ECB Working Paper No. 1605.

Feb. 6: Inequality and Sustained Growth

- 8) OLB, Inequality: Measures and Drivers, Chapter 2, 12-24.
- 9) OLB, Inequality and Sustained Growth, Chapter 3, 25-36.

Feb. 13: Energy & Climate Change

- 10) Cohen, Gail, Joao Jalles, Prakash Loungani and Ricardo Marto, 2018, [The Long-Run Decoupling of Emissions and Output: Evidence from the Largest Emitters](#), IMF Working Paper No. 18/56.

Feb. 20: [Snow Day: classes cancelled; made-up later in semester]

Feb. 27: GDP and Happiness; Housing Markets (Guest Lecturers)

- 11) Balasubramanian, Sriram and Paul Cashin, 2019, [Gross National Happiness and Macroeconomic Indicators](#), IMF Working Paper No. 19/15.
- 12) Ahir, Hites and Prakash Loungani, 2019, Global House Prices: Trends and Cycles, forthcoming, Oxford Research Encyclopedia.

Mar. 6: Trade

- 13) Frankel, Jeffrey and David Romer, 1999, [Does Trade Cause Growth](#), American Economic Review, June, 379-99.

Mar. 20: Financial Globalization

- 14) Rodrik, Dani, 2018, [Populism and the Economics of Globalization](#), Journal of International Business Policy, June, Issue 1-2, 12-33.
- 15) OLB, Financial Globalization and Inequality, Chapter 5, 54-67.

Mar. 27: Structural Policies, Growth and Jobs

- 16) AJR, Why Institutions Differ, 422-48.
- 17) Spence, Michael and others, 2008, [The Growth Report: Strategies for Sustained Growth and Inclusive Development](#), Part 1 and Part 2.
- 18) OLB, Structural Policies and Inequality, Chapter 4, 37-53.

Apr. 3: Fiscal & Monetary Policy

- 19) Reinhart, Carmen and Kenneth Rogoff, 2010, [Growth in a Time of Debt](#), American Economic Review: Papers & Proceedings, May, Vol. 100, 573-8.
- 20) OLB, Austerity and Inequality, Chapter 6, 68-78.
- 21) OLB, Central Banks and Inequality, Chapter 7, 79-86.

Apr. 10: Inclusive Growth

- 22) AJR, Theory of Institutions, 448-64.
- 23) Ianchovichina, Elena and Susanna Lundstrom, 2009, [What is Inclusive Growth?](#) World Bank, Feb. 10.
- 24) OLB, Technology, Robots and Inequality, Chapter 8, 87-94.
- 25) OLB, Remedies for Inequality, Chapters 9 and 10, 95-100.