

Miles Corak
Department of Economics

365 Fifth Avenue, Room 6203.12
New York, NY 10016-4309
212.817.8706

mcorak@gc.cuny.edu
MilesCorak.com @MilesCorak



MALS 78500

Spring 2022

ECONOMICS FOR EVERYONE

Thursdays from 6:30 to 8:30pm

Zoom Meeting ID 837 9724 6499

In person meetings March 3rd, April 7th, May 5th in GC 5383

This course has three blocks of classes. Block 1 examines the method and scope of economics, introducing some fundamental principles, and by appealing to some important historical examples illustrates how the definition and methods of the subject have evolved. Block 2 focuses on the “theory of value,” the microeconomics of perfectly competitive markets to illustrate the efficiency of markets and how economists think about the role of public policy when markets “fail.” Block 3 introduces national income accounting and macroeconomics, the revolution in thinking in the aftermath of the Great Depression of the 1930s, and how the standard Keynesian model remains useful in understanding the Great Recession of the last decade.

	Class 0	Administration and introductions
	Class 1	Preliminaries – an analysis of the Great Recession
Block 1	Class 2	A definition of the subject?
	Class 3	Economic growth and income distribution
	Class 4	International trade and some core concepts
Block 2	Class 5	Prices and market structures
	Class 6	Demand and supply, perfectly competitive markets
	Class 7	Applications of demand and supply
	Class 8	Applications of demand and supply
	Class 9	Market failures and public policy
Block 3	Class 10	Macroeconomic indicators
	Class 11	The National Accounts
	Class 12	Unemployment and the Keynesian model
	Class 13	Monetary and fiscal policy

Course Description and General Objectives

Upon completion of this course successful students will be familiar with the basic principles of economics and be able to apply them critically to issues dealing with American and international public policy. Students will read, summarize, and critically assess texts in economic theory, public policy documents, and media reporting, working both individually and in groups to produce written reports and oral presentations.

The course has been specially designed to meet the needs of graduate students in all disciplines who may have had only limited exposure to economics during their undergraduate studies. Upon completion of the course students will have the skills and knowledge to understand and critically assess public policy debates dealing with both micro and macroeconomic issues, as well as to enrol in more advanced courses in economic theory.

Specific Learning Goals and Outcomes

1. To develop a knowledge of economic principles
 - a. Students will be introduced to the basic principles of both micro and macro economic theory through lectures based upon a variety of readings they will do from standard texts.
 - b. Students will enhance their familiarity with economic problems and methods of reasoning through a series of assignments.
 - c. In consultation with the professor and working in small teams, students may make a presentation summarizing a relevant aspect of economic theory and its application to public policy.
2. To apply economic reasoning to public policy issues
 - a. Regular reading of media reports will enhance familiarity with the economic aspect of public policy issues. The instructor has set up a Twitter account at <https://twitter.com/MilesCorak>, with the handle @MilesCorak, and a website at <https://mileskorak.com/> as a way of remaining in conversation with students, offering direction to current events and articles of interest, and in particular to direct students to newspaper articles and posts that are credible and of particular interest. The Twitter hashtag #ECON4All will usually be used for this purpose.
 - b. The professor will also make available recent public policy documents and other readings that students may read individually or as a group, present to the class, and submit written critiques.

Teaching Methods and Skills Development

Successful learning requires continuous and conscious engagement with the subject, and active in-class participation is an essential part of this engagement. It will serve as an important basis for evaluating the student's work in this course.

The successful student will take full advantage of the opportunities provided in class. Attending classes, handing in assignments on time, and consistently contributing to the class in all activities—whether group, pair, or individual—will all be considered as measures of success in effectively using class time.

The classroom is intended to be a safe place where students can question and practice, receive feedback from both the instructor and their peers, and rely on their classmates as partners and resources in the learning process. The instructor's role is to provide resources, guidance, and support, but students are responsible for engaging actively in the process. Active listening and engagement require, at a minimum, that students turn off and store all cell phones.

Students are responsible for completing readings before the class, being prepared for discussions, submitting assignments on time, volunteering material for the consideration of the class, and working constructively as a team member. The nature of a successful student's participation might be characterized by the phrase "informed engagement."

The teaching approach will involve the use of theory to highlight important public policy debates; adopt the view of economics as a science that has developed and is developing in response to a conversation between theory, policy needs, and data availability; and also encourage an appreciation of the historical context and the personalities of the great thinkers who have helped to shape the subject.

Resources

Students are required to have access to the following three books.

The first is an economics textbook, available at no cost on-line.

The Core Team (2017). *The Economy: Economics for a changing world*. Available at <https://www.core-econ.org/the-economy/>

This book offers both a standard and innovative treatment of the materials in a first-year economics course. The authors describe the book by saying:

The Economy is a course in economics. Throughout, we start with a question or a problem about the economy—why the advent of capitalism is associated with a sharp increase in average living standards, for example—and then teach the tools of economics that contribute to an answer.

For each question, the material is in the same sequence. We begin with a historical or current problem, even if it is a complex one, and then we use models to illuminate it.

It will be used as the standard reference text, offering the basis for some lectures, and also for supplemental reading as well as some assignments. As a companion resource, students may wish to follow along with the “book club” reading of a sister text: *Economy, Society, and Public Policy*. Listen to “Econ Extra Credit with David Brancaccio” at <https://www.marketplace.org/2020/01/28/core-econ-textbook/> as a chapter of this text is read in each episode.

The second book is:

Dani Rodrick (2015). *Economics Rules: The Rights and Wrongs of the Dismal Science*. New York: W.W. Norton and Company.

Written in a lively and accessible style, this book, by a noted political economist and public policy analyst, explores economic theory with the objective of illustrating the power of economic logic to clarify sometimes confused thinking. On page *xiv* of his preface the author states:

I felt there was a need for a book that [was aimed] at both economists and noneconomists. My message for economists is that they need a better story about the kind of science they practice. I will provide an alternative framing highlighting the useful work that goes on within economics, while making transparent the pitfalls to which the practitioners of the science are prone. My message for noneconomists is that many of the standard criticisms of the economics loses their bite under this alternative account. There is much to criticize in economics, but there is also much to appreciate (and emulate).

This will be used to complement the formal analysis of both micro and macro economic theory, but principally to appreciate both the clarity and blind spots of economic theory to analyse contemporary public policy issues.

The third book is:

Tim Harford (2005). *The Undercover Economist*. New York: Random House.

This book, by an accomplished journalist associated with *The Financial Times*, offers readers the opportunity to develop a quick familiarity with economic reasoning, some of the basic principles of micro and macro economics, and with their application to public policy. It will also be used to complement our formal analysis. In particular, the book will be used as the basis for the content and structure of some of the professor’s lectures.

References to the readings from this book are from the first edition, but it is perfectly fine to get access to the updated edition as the professor will also provide the corresponding chapters to read at each lecture.

Students will also be required to make use of the Internet to download documents that will be used during the course. The suggested readings from academic journals can be obtained through the e-journal facility of the library, and in particular from JSTOR.

Assessment Methods

Emphasis is given to the student's engagement in the course and the activities of the class. This is best demonstrated by motivated and informed involvement. This requires attending all scheduled classes, but also having completed the readings before the class and being prepared to engage in discussion. It involves contributions to group work, completion of assignments by the required date, and attention to feedback from peers and the instructor. But obviously if students are not present they cannot participate, and regular attendance is therefore required.

The grading will be based on the following:

Informed engagement	25%
Two take-home assignments	40%
Book Review and/or Final Examination	35%

Students have a choice of either: writing a book review; undertaking a final examination; or doing both. The weighting of these requirements in the final course mark is a student choice.

For example, a student may wish to give zero weight to the book review and full weight to the final exam, meaning that the student only needs to complete the final examination and opts not to submit a book review. At the other extreme, a student may wish to give zero weight to the final examination, requiring only that a book review be submitted. Or a student may wish to undertake both requirements. In this case, the professor will use the highest grade from either the book review or the exam to assign the student's mark for this requirement.

A mark of 65% is the lowest passing mark for the course and corresponds to a C. Marks from 65 to 69% correspond to a B- , 70 to 74% to a B, 75 to 79% to a B+. In a similar way marks from 80 to 84%, 85 to 89%, and 90 or above correspond to A- , A , and A+ .

Students may schedule a meeting with the instructor at some point during the week after the first in-class take home assignment to discuss their progress, and any barriers they perceive to their learning. Keeping a weekly diary of their experiences in the course may be a helpful way for students to develop their awareness of issues that could be raised at this meeting. The diary could address particular insights they have valued, problems they are confronting, and appropriate changes to their learning styles/techniques and the professor's teaching style. Both the meeting and the diary are intended to be vehicles for constructive feedback and do not form part of the course evaluation. This option is at the student's discretion and interest.

The milestones for the course requirements are as follows:

First take-home assignment

March 3 rd	Handed out by the professor at the end of the class
March 10 th	Submitted in by students in before the beginning of the class

Second take-home assignment

April 7 th	Handed out by the professor at the end of the class
April 14 th	Submitted by students before the beginning of the class

Book Review

April 14th

Students finalize the title of the book by an email to the professor

May 12th

Submitted by students before the beginning of the class

Final Examination

May 12th

Handed out by the professor at the end of the class

May 19th

Submitted by email to arrive in the professor's inbox by noon

Please note that attendance is compulsory, and that the professor may exclude any students whose attendance or participation is unsatisfactory from the final examination or decline to accept their book reviews. Students who do not complete both take-home assignments on time without a valid reason and appropriate documentation being given to the instructor will not be permitted to participate in the final examination or submit a book review, and will be assigned a failing grade for the course. Students who do not complete one of the assignments on time will have their final examination/book review account for 55% of their grade.

Resources for book reviews

A critical book review must be written in a way that clearly uses the materials and themes in the course to assess the major messages, methods, and implications of one of the following:

Richard Baldwin (2019). *The Globotics Upheaval: Globalization, Robotics, and the Future of Work*. New York: Oxford University Press.

Leah Platt Boustan (2017). *Competition in the Promised Land: Black Migrants in Northern Cities and Labor Migrants*. Princeton: Princeton University Press.

Diane Coyle (2016). *GDP: A Brief but Affectionate History*. Revised and Expanded Edition. Princeton: Princeton University Press.

Robert H. Frank (2016). *Success and Luck: Good Fortune and the Myth of Meritocracy*. Princeton: Princeton University Press.

Matthew C. Klein and Michael Pettis (2020). *Trade Wars are Class Wars: How Rising Inequality Distorts the Global Economy and Threatens International Peace*. Yale University Press

Alan B. Krueger (2019). *Rockonomics: A Backstage Tour of What the Music Industry Can Teach Us about Economics and Life*. New York: Penguin Random House.

Atif Mian and Amir Sufi (2014). *House of Debt: How They (and You) Caused the Great Recession, and How We Can Prevent It from Happening Again*. Chicago: University of Chicago Press.

Branko Milanovic (2019). *Capitalism, Alone: The Future of the System that rules the World*. Cambridge, Massachusetts: Harvard University Press.

Thomas Philippon (2019). *The Great Reversal: How America Gave Up on Free Markets*. Cambridge, Massachusetts: Harvard University Press.

Richard Reeves (2017). *Dream Hoarders: How the American Upper Middle Class Is Leaving Everyone Else in the Dust, Why That Is a Problem, and What to Do About It*. Washington DC: Brookings Institution.

Dani Rodrik (2019). *Straight Talk on Trade: Ideas for a Sane World Economy*. Princeton: Princeton University Press.

Robert J. Shiller (2019). *Narrative Economics: How Stories Go Viral & Drive Major Economic Events*. Princeton: Princeton University Press.

Gernot Wagner and Martin L. Weitzman (2015). *Climate Shock: The Economic Consequences of a Hotter Planet*. Princeton: Princeton University Press.

Course Structure

The course materials will be presented in three blocks, highlighting three themes. The specific materials to be covered are offered in this course outline, but this list may be supplemented with other materials introduced at the professor's discretion according to student needs and interests.

The course begins with a preliminary discussion of the causes and consequences of the financial crisis and economic recession that began in the fall of 2008. This discussion is intended to raise issues, vocabulary, and questions that will motivate some of our studies, and that will be revisited throughout the course, and particularly toward the end.

BLOCK 0 Preliminaries – An analysis of the Great Recession

CLASS 1

Watch the first 40 minutes of a presentation made by Joseph Stiglitz summarizing a report commissioned by the United Nations on the causes and policy implications of the 2008 crisis, "Reform of the International Monetary and Financial System."

Available at: <https://www.carnegiecouncil.org/studio/multimedia/20090930-reform-of-the-international-monetary-and-financial-system>, September 21, 2009.

See also Chapter 2 of United Nations (2009), *Report of the Commission of Experts of the President of the United Nations General Assembly on Reforms of the International Monetary and Financial System*, New York: United Nations. Available at: http://policydialogue.org/files/events/background-materials/Stiglitz_Commission_Report_on_Reforms_of_the_Intl_Monetary_and_Financial_System.pdf

BLOCK 1 – The method and scope of economics

1. A definition of the subject. 2. Economic methods and models. 3. The two great questions: how a society generates a surplus, how that surplus is distributed. 4. Positive versus Normative economics. 5. Some core concepts and pitfalls: scarcity, opportunity costs, marginal reasoning. 6. Comparative advantage and the gains from trade.

CLASS 2

Tim Harford (2005). *The Undercover Economist*. Random House. Chapters 1 and 2.

Dani Rodrick (2015). *Economics Rules: The Rights and Wrongs of the Dismal Science*. New York: W.W. Norton and Company.

The Core Team (2017). *The Economy: Economics for a changing world*, Unit 1.

Supplemental readings:

Xavier Gabaix and David Laibson (2008). “The Seven Properties of Good Models.” In Andrew Caplin and Andrew Schotter (eds.) *The Methodologies of Modern Economics: Foundations of Positive and Normative Economics*. Oxford: Oxford University Press. Available at: <https://scholar.harvard.edu/laibson/publications/seven-properties-good-models>

Gary S. Becker (1993). *Human Capital: A Theoretical and Empirical Analysis with Special Reference to Education*. Third Edition. Chicago: University of Chicago Press. Pages 108 to 130. Available at <http://www.nber.org/books/beck94-1> .

Roger E. Backhouse and Steven G. Medema (2009). “On the Definition of Economics.” *Journal of Economic Perspectives*. Volume 23, Number 1 (Winter), pp. 221-33.

Gary S. Becker (1976). *The Economic Approach to Human Behavior*. Chicago: University of Chicago Press, Chapter 1.

CLASS 3

The Core Team (2017). *The Economy: Economics for a changing world*, Units 2, and 3.

Ian Sample (2008). “Doctors’ advice to Britons: have fewer children and help save the planet.” *The Guardian*. Friday, July 25. Page 3. Available at <http://www.guardian.co.uk/world/2008/jul/25/population.health>

Editorial page (2008). “Population Control: An old misconception.” *The Guardian*. July 25. Page 38. Available at <http://www.guardian.co.uk/commentisfree/2008/jul/25/population.climatechange>

Nicolas Lezard (2008). “Now doctors are telling families to have only two kids. As a father of three, I know what’s good for us.” *The Guardian*. July 26. Page 34. Available at <http://www.guardian.co.uk/commentisfree/2008/jul/25/population.children?INTCMP=ILCNETTXT3487>

Anna Louie Sussman (2021). “Conceiving the Future.” *The New York Review of Books*. September 23rd, pages 10-14.

Dani Rodrick (2015). *Economics Rules: The Rights and Wrongs of the Dismal Science*. New York: W.W. Norton and Company.

CLASS 4

The Core Team (2017). *The Economy: Economics for a changing world*, Unit 18.
Available at <https://www.core-econ.org/the-economy/> .

Tim Harford (2005). *The Undercover Economist*. Random House. Chapters 8 and 9.

BLOCK 2 – Micro-economic theory of perfectly competitive markets

1. Prices: nominal, real, relative. 2. Markets and market structures. 3. Perfectly competitive markets. 4. Applications of demand and supply: agricultural commodities, oil, specific taxes and making marijuana legal. 5. Applications of demand and supply: inequality, labour markets and minimum wages 6. Consumer and producer surplus. 7. Market inefficiencies.

CLASS 5

Statistics Canada (1996). Your Guide to the Consumer Price Index. Ottawa: Statistics Canada, Catalogue Number 62-557. Available at <https://www150.statcan.gc.ca/n1/pub/62-557-x/62-557-x1996001-eng.pdf> .

U.S. Bureau of Labor Statistics (2019). “Learn about the Chained CPI (C-CPI-U).”
Available at: <https://www.bls.gov/cpi/additional-resources/chained-cpi.htm>

CLASS 6, CLASS 7, CLASS 8, and CLASS 9

The Core Team (2017). *The Economy: Economics for a changing world*, Units 8, 9, 11 and 12.

Tim Harford (2005). *The Undercover Economist*. Random House. Chapters 3, 4, and 5.

Block 3 – National accounting and macroeconomic theory

1. Macroeconomic indicators: unemployment, inflation, gross domestic product. 2. The National Accounts. 3. Unemployment: the classical model. 4. Unemployment: the Keynesian model. 5. Wage inflation, Price inflation. 6. The conduct of monetary policy and fiscal policy.

CLASS 10 and CLASS 11

Diane Coyle (2016). *GDP: A Brief but Affectionate History*. Revised and Expanded Edition.
Princeton: Princeton University Press.

Tomas Pueyo (2021). “Playing Catch-Up with the US: How GDP per Capita of the US Can Explain the Economics of so Many Countries.”
<https://unchartedterritories.tomaspueyo.com/p/us-gdp-per-capita>

Constance Sorrentino (2000). “International unemployment rates: how comparable are they?” *Monthly Labor Review*. (June), pages 3-20. Available at:
<https://www.bls.gov/opub/mlr/2000/06/art1full.pdf>

Nicholas LePan (2019). “The History of Interest Rates Over 670 years.”
<https://www.visualcapitalist.com/the-history-of-interest-rates-over-670-years/>

CLASS 12 and CLASS 13

The Core Team (2017). *The Economy: Economics for a changing world*, Units 13, 14, 15, 17.

Miles Corak (2016). “American Economic Policy, as told by Martin Feldstein at Harvard University: Lecture 2, Where are we? How did we get here? What next?” Economics for Public Policy blog. January 27. Available at
<https://milesorak.com/2016/01/27/american-economic-policy-as-told-by-martin-feldstein-at-harvard-university-lecture-2-where-are-we-how-did-we-get-here-what-next/>

Miles Corak (2016). “American Economic Policy, as told by Martin Feldstein at Harvard University: Lecture 8, Monetary Policy: Business Cycles and Inflation.” Economics for Public Policy blog. February 16. Available at
<https://milesorak.com/2016/02/16/american-economic-policy-as-told-by-martin-feldstein-at-harvard-university-lecture-8-monetary-policy-business-cycles-and-inflation/>

John B. Taylor (1993). “Discretion versus policy rules in practice.” *Carnegie-Rochester Conference Series on Public Policy*. Vol. 39, page 195-214. Available at:
<https://web.stanford.edu/~johntayl/Papers/Discretion.PDF>

Miles Corak (2016). “American Economic Policy, as told by Martin Feldstein at Harvard University: Lecture 10, Preventing and Responding to Financial Crises.” Economics for Public Policy blog. February 17. Available at
<https://milesorak.com/2016/02/17/american-economic-policy-as-told-by-martin-feldstein-at-harvard-university-lecture-10-preventing-and-responding-to-financial-crises/>

Paul Krugman (2021). “The Year of Inflation Infamy.” *The New York Times*. Opinion. December 16. Available at: <https://www.nytimes.com/2021/12/16/opinion/inflation-economy-2021.html>

Neil Irwin (2014). “Of Kiwis and Currencies: How a 2% Inflation Target Became Global Economic Gospel.” *The New York Times*. December 19th. The Upshot. Available at:

<http://www.nytimes.com/2014/12/21/upshot/of-kiwis-and-currencies-how-a-2-inflation-target-became-global-economic-gospel.html>

Ben S. Bernanke (2019), “Monetary Policy in a New Era.” In Olivier Blanchard and Lawrence H. Summers (editors). *Evolution or Revolution? Rethinking Macroeconomic Policy after the Great Recession*. Cambridge Massachusetts: MIT Press. Chapter 1.

Ben S. Bernanke (2020). “The New Tools of Monetary Policy.” American Economic Association Presidential Address. January 4th. Video available at: <https://www.aeaweb.org/webcasts/2020/aea-presidential-address-twenty-first-century-monetary-policy>.