

Economics 352 D1 Macroeconomic Theory Honours

Credits: 3

Method: Two lectures per week

Meeting Times and Location: Tue and Thu 1:05-2:25 p.m. Maass Chemistry Building 217

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Office hours: Thu 5:45-6:45 p.m. and Fri 11:00-12:00 a.m.

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TA Conference: Fri 1:35-2:35 p.m. Lea 541

TA Office Hours: Mon 2:30-4:30 HSS Library Room 7A

Learning Objectives: This course is centered on both basic concepts pertaining macroeconomics and the use of these concepts in analyzing contemporary economic issues.

Prerequisites: An understanding of basic microeconomics is essential. This course is designed for a student that has successfully completed Honours Microeconomics (250D). I will use algebra and calculus freely.

Textbook: Macroeconomics by Stephen D. Williamson, last Canadian edition (Pearson)

Grading policy: This is the first term of a two-term course (both terms should be taken in order to receive credit) and this term accounts for 50% of the year grade. The grade for this half of the course will be based on problem sets (10%), a midterm (30%) and a final (60%) exam. The **midterm** will take place during class on **Thursday, October 22nd**. You can only miss the midterm if you have a medical reason (doctor's note required). If you miss it, there will be no make-up exam and your first term grade will be based solely on the final.

McGill University values academic integrity. Therefore all students must understand the meaning and consequences of cheating, plagiarism and other academic offences under the Code of Student Conduct and Disciplinary Procedures (see www.mcgill.ca/integrity for further information).

According to Senate regulations, instructors are not permitted to make special arrangements for final exams. Please consult the calendar, section 4.7.2.1, General University Information and Regulations, at www.mcgill.ca.

In accord with McGill University's Charter of Students' Rights, students in this course have the right to submit in English or in French any written work that is to be graded.

Here is an outline of the course, with the associated readings (Starred (*) readings are required). Given that our lecture time is limited, some of the readings are aimed to

complement the material covered in class. For sections 3, 4 and 5 below I will suggest readings as we go along. I will post these readings in WebCT.

0. Math

1. Measuring the Macroeconomy (Ch. 2 in the 3rd Edition of the book)

* GDP Fetishism, J. Stiglitz.

* Beware of Greeks Bearing Bonds by Michael Lewis, Vanity Fair, Oct. 1, 2010

Landefeld, J. Steven, Eugene P. Seskin, and Barbara M. Fraumeni. 2008. "Taking the Pulse of the Economy: Measuring GDP" *Journal of Economic Perspectives*, 22(2): 193–216

2. Introduction

* The Economist, "The other-worldly philosophers", July 18th 2009

Domar, E. (1970), "The Causes of Slavery or Serfdom: A Hypothesis" *Journal of Economic History*

3. Growth

a) Growth Facts and the world income distribution (Chapter 6 pg. 168-174 3rd Edition)

b) The Solow Model (Chapter 6 pg. 187-207, Chapter 7 pg. 218-229 3rd Edition)

* Solow (1956), "A Contribution to the Theory of Economic Growth" *QJE*

c) Evaluation of the Solow Model (Chapter 6 pg. 187-207, Chapter 7 pg. 218-229 3rd Edition)

Solow (1957) "Technical Change and the Aggregate Production Function" *RES*

Bosworth, B. and S.M. Collins (2008) "Accounting for Growth: Comparing China and India" *JEP*

* Krugman, P. (1994) "The Myth of Asia's Miracle" *Foreign Affairs*

4. A One-Period Model of the Macroeconomy (Chapter 4 and Chapter 5. pg. 126-129 3rd Edition)

* Krugman, P. (1998) "Baby-Sitting the Economy. The baby-sitting co-op that went bust teaches us something that could save the world" *Slate*.

* Lucas, R. "What Economists Do"

Sweeney and Sweeney (1977), Monetary Theory and the Great Capital Hill Baby Sitting Co-op Crisis: Comment, *Journal of Money Credit and Banking*

5. A Two-Period Model: The Consumption –Savings decision (Chap. 8 3rd Edition)

6. A Real Intertemporal Model with Investment (Chapter 9 3rd Edition)

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Date	Contents	HW (tentative)
08-Sep-15	Tuesday Hello	
10-Sep-15	Thursday Math	
15-Sep-15	Tuesday Math	HWI
17-Sep-15	Thursday Measurement	
22-Sep-15	Tuesday Measurement	
24-Sep-15	Thursday Measurement /Applications	
29-Sep-15	Tuesday Applications / Introduction	Due
01-Oct-15	Thursday Growth: Motivation	
06-Oct-15	Tuesday Growth: Motivation	HWII
08-Oct-15	Thursday Solow (no TFP growth)	
13-Oct-15	Tuesday Solow	
15-Oct-15	Thursday Solow	Due (??)
20-Oct-15	Tuesday Solow	
22-Oct-15	Thursday Midterm	
27-Oct-15	Tuesday One-Period model (Ch 4) (some material already covered in 250)	
29-Oct-15	Thursday One-Period model (Ch 4)	
03-Nov-15	Tuesday One-Period model (Ch 4)	HWIII
05-Nov-15	Thursday Applications	
10-Nov-15	Tuesday Two-Period model (Ch 8)	
12-Nov-15	Thursday Two-Period model (Ch 8)	
17-Nov-15	Tuesday Two-Period model (Ch 8)	Due
19-Nov-15	Thursday Applications	HW IV
24-Nov-15	Tuesday Real Intertemp model (Ch 9)	
26-Nov-15	Thursday Real Intertemp model (Ch 9)	
01-Dec-15	Tuesday Real Intertemp model (Ch 9)	
03-Dec-15	Thursday Real Intertemp model (Ch 9)	Due