

Economics 352 Macroeconomic Theory Honours

Credits: 3

Method: Two lectures per week

Meeting Times and Location: Tue and Thu 8:35-9:55 a.m. Currie Gym 305/6

Professor: Francisco Alvarez-Cuadrado

E-mail: francisco.alvarez-cuadrado@mcgill.ca

Office: Leacock 321E

Office hours: Thu 17:00-19:00

Teaching Assistant: ?

TA Conferences: ?

TA Office Hours: ?

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, any 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 Tuesday, October 25th. 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/students/srr/honest/ <<http://www.mcgill.ca/students/srr/honest/>> for more information).

L'université McGill attache une haute importance à l'honnêteté académique. Il incombe par conséquent à tous les étudiants de comprendre ce que l'on entend par tricherie, plagiat et autres infractions académiques, ainsi que les conséquences que peuvent avoir de telles actions, selon le Code de conduite de l'étudiant et des procédures disciplinaires

(pour de plus amples renseignements, veuillez consulter le site www.mcgill.ca/students/srr/honest/ <<http://www.mcgill.ca/students/srr/honest/>>).

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)

* 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

3. Growth

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

B) Physical Capital: 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
Solow (1957) "Technical Change and the Aggregate Production Function" RES

C) Human Capital in the Neoclassical Growth Model (Chapter 7 pg. 197-209 3rd Edition)

* Lucas, R. (1990), "Why Doesn't Capital Flow from Rich to Poor Countries" AER

D) Beyond K and H: Growth and Institutions

* Olson, M. (1996) "Big Bills Left on the Sidewalk: Why Some Nations are Rich, and Others Poor" JEP

Hall, R. and C. Jones (1999) "Why Do Some Countries Produce So Much More Output per Worker than Others?" QJE

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

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

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

352

	Date		Contents	HW (tentative)
1	01-Sep-11	Thursday	Hello	
2	06-Sep-11	Tuesday	Math	
3	08-Sep-11	Thursday	Math / Measurement	HWI
4	13-Sep-11	Tuesday	Measurement	
5	15-Sep-11	Thursday	Measurement	
6	20-Sep-11	Tuesday	Applications / Introduction	
7	22-Sep-11	Thursday	No Class	
8	27-Sep-11	Tuesday	Growth: Motivation	Due
9	29-Sep-11	Thursday	Growth: Solow (Ch 6)	HWII
10	04-Oct-11	Tuesday	Growth: Solow (Ch 6)	
11	06-Oct-11	Thursday	Growth: Solow / Eval Solow	
12	11-Oct-11	Tuesday	Growth: Eval Solow	
13	13-Oct-11	Thursday	Growth: Human Capital (Ch 7)	
14	18-Oct-11	Tuesday	Growth: Human Capital (Ch 7)	Due
15	20-Oct-11	Thursday	Institutions	
16	25-Oct-11	Tuesday	Midterm	
17	27-Oct-11	Thursday	One-Period model (Ch 4)	
18	01-Nov-11	Tuesday	One-Period model (Ch 4)	
19	03-Nov-11	Thursday	One-Period model / Applications	HWIII
20	08-Nov-11	Tuesday	Two-Period model (Ch 8)	
21	10-Nov-11	Thursday	Two-Period model (Ch 8)	
22	15-Nov-11	Tuesday	Two-Period model (Ch 8)	Due
23	17-Nov-11	Thursday	Two-Period model / Applications	HW IV
24	22-Nov-11	Tuesday	Real Intertemp model (Ch 9)	
25	24-Nov-11	Thursday	Real Intertemp model (Ch 9)	
26	29-Nov-11	Tuesday	Real Intertemp model (Ch 9)	
			Real Intertemp model /	
27	01-Dec-11	Thursday	Applications	Due
	06-Dec-11	Tuesday	No Class (Monday schedule)	
			Exams	