

## Economics 330 D1 Section 2 Macroeconomic Theory

Credits: 3

Method: Two lectures per week / Remote delivery through recordings + Discussion

Meeting Times and Location: Tue/Thu 8:35-9:55

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TA Office Hours and Conferences: TBA

ECON 330D is a two-term course in macroeconomics. 330D1 is the first term of 330D and is a pre-requisite for 330D2, the second term of 330D. No credit will be given for ECON 330D unless both ECON 330D1 and ECON 330D2 are successfully completed in consecutive terms.

**Learning Objectives:** This course is centered on both basic concepts pertaining macroeconomics. In particular during this term we will review the measurement of economic aggregates, we will present a basic model of economic growth and the building blocks for a complete model of the business cycle.

**Prerequisites:** An understanding of basic microeconomics is essential. This course is designed for a student that has successfully completed ECON 230 or ECON 250. If a student has already taken ECON 208 and ECON 209, it may be concurrently taken with ECON 230 with permission of the instructor. This will be enforced after the first week of classes and students without the necessary pre-requisites will be automatically removed. In terms of mathematics, I will use algebra freely and calculus very sparingly and only if necessary. The use of calculus, therefore, should definitely not worry you. But, realize the kind of reasoning that we will use throughout the course follows mathematical logic and is often more challenging than when simply using calculus. This type of reasoning is one of the more important learning objectives of the course.

**Textbook:** Macroeconomics by Stephen D. Williamson, last Canadian edition (Pearson). If you have another edition of this book, feel free to use it. But, you are responsible to know the discrepancies between editions. I do not know these. In this first term I will follow my own lecture notes, which I will make available to you. The second term follows the book closely.

**Course delivery:** The structure of a standard week for the course will be as follows. On the previous Friday I will post recordings for the material of two following lectures (for instance on Friday Sept 4 I will post recordings for Measurement 1 and 2). Students will need to review these recordings before the following Thursday. On Thursday we will have a zoom meeting during class time to discuss questions related to these recordings. Aside from questions asked “live” in the Zoom meeting, I will try set up an open access document with the headings of the corresponding two lectures that students can use to annotate their questions before the meeting, so that the sequence of questions follows roughly the sequence of contents.

In some weeks, before exams, we will have an additional recording and Zoom meeting to go over questions on the exam material.

**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 35% of the year grade. This 35% is allocated according to the following rule

1. Problem sets (5%).
2. Exam I (10%). Tuesday, September 29. Take-home 24 hours.
3. Exam II (10%). Tuesday, November 3. Take-home 24 hours.
4. Exam III (10%). Tuesday, December 1. Take-home 24 hours.

The second and third exam will be comprehensive including all the material covered up to those dates.

This weighting cannot be changed. You can only miss an exam if you have a medical reason (doctor’s note required). In case of missing an exam for medical reasons its weight will be transferred to the final to be administered at the end of the second term (this final exam will include material from 330D1).

Supplemental examination for those eligible will cover material from 330D1 and 330D2 and it will be held in August after 330D2 is completed. Both courses will be equally weighted in the supplemental and this exam will count for 100% of the supplemental course grade. There will be no supplemental exam for the Fall semester material alone.

Finally, students enrolled in this section of 330D1 cannot take the exam in any other section of 330D1.

**Regrading policy:** If you believe that there is a mistake in grading your exam, you must provide the TA a written appeal, which clearly points out the mistake(s) you believe were made. This appeal should be emailed to the TA to get a record of the date of the appeal. Unless there is an obvious typo, we will regrade the entire exam (notice that you could end up with a lower grade). If after the regrade you are still convinced that there is a mistake, you have to provide me a second written appeal, which clearly point out the mistake(s) you believe were made, and a copy of the content of the first appeal. Finally, you have to ensure that the appeals are done in timely manner. Your first appeal has to take place during the first seven (7) days following the date when the exam was officially handed back.

*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](http://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](http://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.*

*In the event of extraordinary circumstances beyond the University's control, the content and/or evaluation scheme in this course is subject to change.*

*All slides, video recordings, lecture notes, etc. remain the instructor's intellectual property. As such, you may use these only for purposes of your own learning (and research, with proper referencing/citation). You are not permitted to disseminate or share these materials; doing so may violate the instructor's intellectual property rights and could be cause for disciplinary action.*

*By enrolling in a remote course, you accept that fixed sessions will be recorded. You must consent to being recorded if you attend a lecture or participate in a component of a course that is being recorded. You will be notified through a "pop-up" box in Zoom if a lecture or portion of a class is being recorded. If you are not comfortable being in a class that is recorded, you may decide to not take part by logging off Zoom. Students who log off will be able to later watch the video recording in MyCourses.*

*For pedagogical reasons and for the enrichment of the experience of all students, attendance may be monitored and/or active participation may be expected or required during fixed (synchronous) class time. As such, you may be asked to turn on your camera and audio. **If you do not have the necessary resources (e.g., adequate Internet bandwidth or equipment) to do so, inform your instructor at the beginning of term so appropriate accommodations can be made.***

*In addition to the recording of your image and voice, your name (or preferred name) may be displayed on screen, and your instructor may call your name during the lecture. As such, this personal information will be disclosed to classmates, whether during the lecture or in viewing the recording. By remaining in classes that are being recorded, you accept that personal information of this kind may be disclosed to others, whether during the lecture or when viewing the recording.*

*The University recognizes the importance of maintaining teaching spaces that are respectful and inclusive for all involved. To this end, offensive, violent, or harmful language arising in contexts such as the following may be cause for disciplinary action:*

- 1. Username (use only your legal or preferred name)*
- 2. Visual backgrounds*
- 3. "Chat" boxes*

*To maintain a clear and uninterrupted learning space for all, you should keep your microphone muted throughout your class, unless invited by the instructor to speak.*

*You should follow instructors' directions about the use of the "chat" function on remote learning platforms.*

Here is an outline of the course, with some required readings.

### **1. Measuring the Macroeconomy**

(Lecture notes loosely based on the book. Ch. 2 in the 3<sup>rd</sup> Edition of the book)

### **2. Introduction**

Required reading: The Economist, “The other-worldly philosophers”, July 18<sup>th</sup> 2009

### **3. Growth**

#### **a) Growth Facts and the world income distribution**

(Lecture notes loosely based on the book. Chapter 6 pg. 168-174 3<sup>rd</sup> Edition)

#### **b) The Solow Model**

(Lecture notes loosely based on the book. Chapter 6 pg. 187-207, Chapter 7 pg. 218-229 3<sup>rd</sup> Edition)

Required reading: Krugman, P. (1994) “The Myth of Asia’s Miracle” Foreign Affairs

### **4. A One-Period Model of the Macroeconomy**

(Lecture notes that follow the book closely. Chapter 4 and Chapter 5. pg. 126-129 3<sup>rd</sup> Edition)

Required reading: Krugman, P. (1998) “Baby-Sitting the Economy. The baby-sitting co-op that went bust teaches us something that could save the world” Slate.

Required reading: Lucas, R. “What Economists Do”

### **5. A Two-Period Model: The Consumption –Savings decision**

(Lecture notes that follow the book closely. Chap. 8 3<sup>rd</sup> Edition)

	Date		Contents	Delivery	HW*	Readings**
1	03-Sep-20	Thursday	Hello	Zoom meeting		
	04-Sep-20	Friday		Recording Measurement 1 & 2		
2	08-Sep-20	Tuesday	Measurement 1		HW1	
3	10-Sep-20	Thursday	Measurement 2	Zoom meeting		
	11-Sep-20	Friday		Recording Measurement 3 & 4		
4	15-Sep-20	Tuesday	Measurement 3			
5	17-Sep-20	Thursday	Measurement 4	Zoom meeting		
	18-Sep-20	Friday		Recording Measurement 5 & Introduction		
6	22-Sep-20	Tuesday	Measurement 5 /Applications	Zoom meeting		The other-worldly philosophers (The Economist)
7	24-Sep-20	Thursday	Introduction	Zoom meeting	Due	
	25-Sep-20	Friday		Recording Growth: Motiv & Solow 1		
<b>8</b>	<b>29-Sep-20</b>	<b>Tuesday</b>	<b>Exam 1 (up to Introduction included)</b>			
9	01-Oct-20	Thursday	Growth: Motivation			
	02-Oct-20	Friday		Recording Solow 1 & 2		
10	06-Oct-20	Tuesday	Solow 1		HW2	
11	08-Oct-20	Thursday	Solow 2	Zoom meeting		
	09-Oct-20	Friday		Recording Solow 3 & 4		
	12-Oct-20	Monday	Thanksgiving			
12	13-Oct-20	Tuesday	Solow 3			
13	15-Oct-20	Thursday	Solow 4	Zoom meeting		
	16-Oct-20	Friday		Recording Solow 5 & 6		
14	20-Oct-20	Tuesday	Solow 5			
15	22-Oct-20	Thursday	Solow 6	Zoom meeting	Due	
	23-Oct-20	Friday		Recording Solow 7 & One-Period model 1		
16	27-Oct-20	Tuesday	Solow 7	Zoom meeting		The Myth of Asia's Miracle (Krugman)
17	29-Oct-20	Thursday	One-Period model 1	Zoom meeting		
	30-Oct-20	Friday		Recording One-Period model 1 & 2		
<b>18</b>	<b>03-Nov-20</b>	<b>Tuesday</b>	<b>Exam 2 (up to Solow 7 included)</b>			
19	05-Nov-20	Thursday	One-Period model 2		HW3	
	06-Nov-20	Friday		Recording One-Period model 3 & 4		
20	10-Nov-20	Tuesday	One-Period model 3			
21	12-Nov-20	Thursday	One-Period model 4	Zoom meeting		
	13-Nov-20	Friday		Recording Two-Period model 1 & 2		
22	17-Nov-20	Tuesday	Two-Period model 1			

23	19-Nov-20	Thursday	Two-Period model 2	Zoom meeting		
	20-Nov-20	Friday		Recording Two-Period model 3 & 4		
24	24-Nov-20	Tuesday	Two-Period model 3	Zoom meeting	Due	Baby-Sitting the Economy (Krugman) and What economists do (I
25	26-Nov-20	Thursday	Two-Period model 4	Zoom meeting		
	27-Nov-20	Friday				
<b>26</b>	<b>01-Dec-20</b>	<b>Tuesday</b>	<b>Exam 3 (up to Two-Period model 4 included)</b>			

\*Some of the material required to complete the assignment will be covered in the lectures that follow the date of release of the assignment

\*\* You should read them before corresponding lecture

In these Zoom meetings we will go over questions about the recording released the previous Friday

In these Zoom meetings we will go over questions for the content of the exam