

Macroeconomic Theory

ECON 330D2 – Section 001

Professor Barczyk

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Zoom office hour: M/W 9:55-10:55am

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Live lectures on Zoom:

8:35am-9:55am, M/W

(all lectures will be recorded)

Course description

ECON 330D2 is the second term of ECON 330D, a two-term course in macroeconomics. The second term of this course builds directly on the material from the first term. We combine several model elements encountered during the first term into more complete models of the macroeconomy. Additionally, we study the role money has on the determination of macroeconomic outcomes. In contrast to ECON 330D1, ECON 330D2 places a greater emphasis on studying the macroeconomy over the short term.

Prerequisites

Students must register for both ECON 330D1 and ECON 330D2. No credit will be given for this course unless both ECON 330D1 and ECON 330D2 are completed in consecutive terms.

Course material

The assigned textbook is *Macroeconomics* (Sixth or Fifth Canadian Edition) by Stephen Williamson, published by Pearson Education Canada. I will record all live lectures and so all lecture notes will be readily available to you on myCourses under the Zoom recording tab a few hours after the official lecture time. I will regularly post exercises for you to practice on myCourses.

Grading policy

1. ECON 330D2 accounts for 65% of the total grade in ECON 330D and is made up of Midterm I (15%), Midterm II (15%) and Final Exam (35%).

Examination dates:

Midterm I: Feb. 24 (replaces lecture)

Midterm II: Mar. 31 (replaces lecture)

Final Exam: Exam period

2. The final exam is cumulative and includes material from both ECON 330D1 and ECON 330D2.
3. Midterms are not cumulative. Midterm exams cannot be rewritten. If you miss a midterm exam for a valid medical reason the weight will be allocated to your final exam.
4. The supplemental exam – for those eligible in August 2021 – covers material from both ECON 330D1 and ECON 330D2 and counts for 100% of the supplemental course grade.

Remote exam delivery

Each exam will be made available on myCourses with an access window of 48 hours. Each midterm exam is to be completed within 145 minutes. The final exam is to be completed within 245 minutes. These longer than usual durations reflect considerations due to the exceptional circumstances remote examination present.

Topics

We will build directly on ECON 330D1. The following is an overview of what I expect to cover. The time we spend on certain issues may change in unforeseeable ways, and as a result, more or less may be covered than is presented in this outline.

An intertemporal endowment economy (Ch. 9,10)

- Equilibrium in an endowment economy
- Ricardian equivalence and government financing
- Pay-as-you-go social security (pensions)

- Credit market imperfections

A real intertemporal model with investment (Ch. 11)

- Adding production to the two-period endowment economy
- Labor demand, labor supply, and investment
- Competitive equilibrium
- Fiscal policy

A monetary intertemporal model (Ch. 12, lecture notes)

- Adding a money market into the real inter-temporal model
- Modeling money
- Competitive equilibrium
- Effects of shocks
- Are the predictions of the model realistic?

The new Keynesian model (Ch. 13, primarily lecture notes)

- The demand side: IS-LM-AD
- The supply side: the neoclassical model + sticky prices
- Effects of shocks
- Comparison with the neoclassical model

Unemployment (Ch. 6, primarily lecture notes)

- One- and two-sided search models of unemployment
- Determinants of unemployment
- The effects of changes in government policy on the unemployment rate

Academic Integrity

McGill University values academic integrity. Therefore all students must understand the meaning and consequences of cheating, plagiarism and other academic offenses under the code of student conduct and disciplinary procedures (see <http://www.mcgill.ca/integrity/> 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 <http://www.mcgill.ca/integrity>).

Language of Submission:

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. This does not apply to courses in which acquiring proficiency in a language is one of the objectives.