

Economics 332 Macroeconomic Theory: Majors 1

Credits: 3

Method: Method: Two lectures per week in person

Meeting Times and Location:

Professor: Francisco Alvarez-Cuadrado

Course email: econ332fall@gmail.com

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

Office: Leacock 321E

Office hours: Tue 10:00-12:00

Teaching Assistants:

Teaching Assistant	Brennan McLachlan	Hongtao Hui	Wenfei Gong
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Office hours	Leacock 112B, Mon. 9:00-11:00am	Redpath Library HSSL RM-7E, Wed.12:30-2:30pm	Redpath Library HSSL R2-09, Fri. 1:00-3:00pm

Exam Conference + Office hours: See below (TA support) for details.

Conference	Date/time/place	Date/time/place	Date/time/place
Exam 1 Conf.	27/9 5:35-7:25 ARTS W-215	29/9 5:35-7:25 ARTS W-215	10/2 5:35-7:25 ARTS W-215
Exam 2 Conf.	8/11 5:35-7:25 ARTS 150	10/11 5:35-7:25 ARTS W-215	13/1 5:35-7:25 ARTS 150
Final Conf.	TBD	TBD	TBD

Notice that the capacity of these rooms is around 100 students.

Learning Objectives: This course is centered on basic concepts in macroeconomics. We will cover the measurement of economic aggregates, and 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, this course may be taken concurrently with ECON 230 with permission of the instructor. This will be enforced after the first week of classes and students without the necessary prerequisites 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 simply using calculus. This type of reasoning is one of the more important learning objectives of the course.

Textbook: No textbook is required since I will follow my own lecture notes, which I will make available to you. A good reference, if you are interested in a more in depth coverage of the material, is Intermediate Macroeconomics by Garin, Lester, and Sims (GLS, hereafter), which you can download for free at https://juliogarin.com/files/textbook/GLS_Intermediate_Macro.pdf. Below, in this document, I indicate the chapters in the textbook that roughly correspond to the material covered in my lecture notes.

TA support: TAs will hold weekly office hours. Two hours per week and TA. In these sessions, they will be available to answer your questions, help you to review the course material, and help you solve problems and exercises. The week before an exam the regular 2-hour office hours will be replaced by a 3-hour conference/office hours. In this sessions the TA's will review some of the material for the exam for roughly one hour and then spend the remaining two hours answering questions. The material reviewed for each exam in the corresponding three TA conferences (for instance, Exam 1 conference) will be identical, so if you choose to attend them, you will have to attend only one. For any questions about the course that you did not have time to ask during the lecture or office hours, you can use the course email econ332fall@gmail.com. The TAs and I will be answering questions sent to this email address.

Grading policy: The total grade will be allocated according to the following rule,

1. **Problem sets (5%).**
2. **Exam I (25%).** In class on Tuesday, October 3rd, covers material from Ch.1-3 of the lecture notes.
3. **Exam II (25%).** In class on Tuesday, November 14th, covers material from Ch. 4-5.
4. **Final Exam (45%).** This exam is cumulative, including all the material in the course, Ch. 1-7. It will be held in-person centrally administered by the Exam Office. Date to be determined.

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 exam to be administered during the exam period in December.

Problem sets will be made available through Mycourses. You will need to upload your answers as a single pdf document in the Assignments section of Mycourses. While I strongly encourage you to work on the problem sets in groups, each student in a group needs to upload their own solution. Note that some of the material in a problem set may be covered in class after its release (but before its due date). The only objective of the problem sets is to prepare you for the exams. If you turn in your answers, you will receive full credit for these assignments independently of whether they are complete or not.

A supplemental examination for those eligible will be held during the supplemental exam period. This exam will count for 100% of the course grade.

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 a second written appeal, this time directly to me, 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 must 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 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.

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.

Here is an outline of the course with some required (*) and additional readings.

1. Math

2. Measuring the Macroeconomy

*Frank, R.H. (2008) "Income and Happiness: An Imperfect Link" Economic View

This corresponds roughly to the material in Chapter 1 in GLS

3. Introduction

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

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

This corresponds roughly to the material in Chapters 2 and 3 in GLS

4. Growth facts

* The Economist, "More or less equal?", March 11th 2004

This corresponds to the material in Chapter 4 in GLS

5. The Solow Growth Model

* Jorda et al (2020) "The long economic hangover of pandemics"

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

Solow, R.M. (1956) "A Contribution to the Theory of Economic Growth" Quarterly Journal of Economics

Bosworth B. and S. Collins (2008) "Accounting for Growth: Comparing China and India" Journal of Economic Perspectives

This corresponds roughly to the material in Chapter 5 in GLS

4. A One-Period Model of the Macroeconomy

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"

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

This corresponds roughly to the material in Chapter 9 and 11 in GLS (also some sections on Chapter 13)

Tentative schedule

	Date		Contents	Read before class*	HW**	Readings***
1	31-Aug-23	Thursday	Hello			
2	05-Sep-23	Tuesday	Math		HW1	
3	07-Sep-23	Thursday	Measurement 1	Pg. 1-10		
4	12-Sep-23	Tuesday	Measurement 2	Pg. 10-18		
5	14-Sep-23	Thursday	Measurement 3	Pg. 19-26		Income and Happiness: An Imperfect Link
6	19-Sep-23	Tuesday	Measurement 4	Pg. 26-35		
7	21-Sep-23	Thursday	Measurement 5	Pg. 35-44		
8	26-Sep-23	Tuesday	Measurement 6	pg. 43-56	Due	
9	28-Sep-23	Thursday	Intro			The other-worldly philosophers (The Economist)
10	03-Oct-23	Tuesday	Exam 1 (up to intro included)			
11	05-Oct-23	Thursday	Growth: Motivation		HW2	
	09-Oct-23	Monday	Thanksgiving			
	10-Oct-23	Tuesday	Reading break			
	12-Oct-23	Thursday	Monday schedule			
12	17-Oct-23	Tuesday	Solow 1			
13	19-Oct-23	Thursday	Solow 2			The long economic hangover of pandemics
14	24-Oct-23	Tuesday	Solow 3			
15	26-Oct-23	Thursday	Solow 4			
16	31-Oct-23	Tuesday	Solow 5			
17	02-Nov-23	Thursday	Solow 6			The Myth of Asia's Miracle (Krugman)
18	07-Nov-23	Tuesday	Solow 7		Due	
19	09-Nov-23	Thursday	One-Period model 1			
20	14-Nov-23	Tuesday	Exam 2 (from Growth Motivation to Solow 7 both included)			
21	16-Nov-23	Thursday	One-Period model 2		HW3	
22	21-Nov-23	Tuesday	One-Period model 3			
23	23-Nov-23	Thursday	One-Period model 4			
24	28-Nov-23	Tuesday	Two-Period model 1			
25	30-Nov-23	Thursday	Two-Period model 2			
26	05-Dec-23	Tuesday	Two-Period model 3		Due	

*For Chapter 2: Measurement, you read in advance the pages detailed above. In the lecture I will summarize those pages, answer questions, and solve some exercises. You can include any questions/doubts you have on these readings in the following open access document which I will bring to the lecture, https://docs.google.com/document/d/1HiWhyvuPCwkDgHWxP3o6KtqWf_G7UOnzz9_1B98lyE/edit?usp=sharing

**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 the corresponding lecture