

Economics 352 D1 Macroeconomic Theory Honours

Credits: 3

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

Meeting Times and Location: Tue/Thu 16:05-17:25

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TA Office Hours and Conferences: TBA

ECON 352D is a two-term course in macroeconomics. 352D1 is the first term of 352D and is a pre-requisite for 352D2, the second term of 352D. No credit will be given for ECON 352D unless both ECON 352D1 and ECON 352D2 are successfully completed in consecutive terms.

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)

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 Math 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 50% of the year grade. The grade for this half of the course will be based on problem sets (10%), a midterm exam (30%) and a final exam (60%). This weighting cannot be changed on the basis of performance. The (take home 24 hours) **midterm** will take place on **Thursday, October 22nd**. You can only miss any of the exams if you have a medical reason (doctor’s note required). In case of missing the midterm for medical reasons its weight will be transferred to the final. In case of missing the final for medical a make up exam will be arranged. Finally notice that since this is a year-long course the final exam is considered a midterm exam by the Exam Office and therefore there is no option to defer it (as it happens with the final of one-term courses). The final (take home) exam will be administered by the exam office and the date will be schedule in the regular December exam period.

Supplemental examination for those eligible will cover material from 352D1 and 352D2 and it will be held in August after 352D2 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.

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 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.

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 the associated readings (Two-starred (**)) readings are required and starred (*) are recommended). Given that our lecture time is limited, some of the readings are aimed to complement the material covered in class.

0. Math

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

* GDP Fetishism, J. Stiglitz.

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)

Cobb, C.W. and P.H. Douglas (1928) "A Theory of Production" *AER*

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" *REStat*

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)

* Bernanke, B. (2005) “The global saving glut and the US current account deficit”

* Summers, L.H. (2014) “U.S. Economic Prospects: Secular Stagnation, Hysteresis, and the Zero Lower Bound”

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

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	Date		Contents	Delivery	HW*	Readings**
1	03-Sep-20	Thursday	Hello	Zoom meeting		
	04-Sep-20	Friday		Recording Math 1 & 2		
2	08-Sep-20	Tuesday	Math 1		HW1	
3	10-Sep-20	Thursday	Math 2	Zoom meeting		
	11-Sep-20	Friday		Recording Measurement 1 & 2		
4	15-Sep-20	Tuesday	Measurement 1			
5	17-Sep-20	Thursday	Measurement 2	Zoom meeting		
	18-Sep-20	Friday		Recording Measurement 3 & 4		
6	22-Sep-20	Tuesday	Measurement 3			
7	24-Sep-20	Thursday	Measurement 4	Zoom meeting	Due	The other-worldly philosophers (The Economist)
	25-Sep-20	Friday		Recording Introduction & Growth:Motivation		
8	29-Sep-20	Tuesday	Introduction			
9	01-Oct-20	Thursday	Growth: Motivation			
	02-Oct-20	Friday		Recording Solow 1 & 2	HW2	
10	06-Oct-20	Tuesday	Solow 1			
11	08-Oct-20	Thursday	Solow 2	Zoom meeting		
	09-Oct-20	Friday		Recording Solow 3, 4 & 5		
	12-Oct-20	Monday	Thanksgiving			
12	13-Oct-20	Tuesday	Solow 3			
13	15-Oct-20	Thursday	Solow 4	Zoom meeting	Due	The Myth of Asia's Miracle (Krugman)
	16-Oct-20	Friday				

14	20-Oct-20	Tuesday	Solow 5	Zoom meeting		
15	22-Oct-20	Thursday	Midterm			
	23-Oct-20	Friday		Recording One-Period model 1 & 2		
16	27-Oct-20	Tuesday	One-Period model 1			
17	29-Oct-20	Thursday	One-Period model 2	Zoom meeting		
	30-Oct-20	Friday		Recording One-Period model 3 & 4		
18	03-Nov-20	Tuesday	One-Period model 3			
19	05-Nov-20	Thursday	One-Period model 4	Zoom meeting	HW3	Baby-Sitting the Economy (Krugman) and What economists do (Lucas)
	06-Nov-20	Friday		Recording Two-Period model 1 & 2		
20	10-Nov-20	Tuesday	Two-Period model 1			
21	12-Nov-20	Thursday	Two-Period model 2	Zoom meeting		
	13-Nov-20	Friday		Recording Two-Period model 3 & Intertemporal model 1		
22	17-Nov-20	Tuesday	Two-Period model 3			
23	19-Nov-20	Thursday	Real Intertemporal model 1	Zoom meeting		
	20-Nov-20	Friday		Recording Inertemporal model 2, 3 & 4		
24	24-Nov-20	Tuesday	Real Intertemporal model 2			
25	26-Nov-20	Thursday	Real Intertemporal model 3	Zoom meeting	Due	
	27-Nov-20	Friday				
26	01-Dec-20	Tuesday	Real Intertemporal model 4	Zoom meeting		

*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](#)