Learning Objectives: The course offers a thorough treatment of the fundamentals of macroeconomic theory. Emphasis is placed on the construction of economic models with microeconomic foundations. The objective is to build on the training you received as an undergraduate to provide you with the background and tools required to understand the scientific literature in this field.

Math Requirements: Calculus is freely used in this course, furthermore we will make use of a set of mathematical techniques that you might not be familiar with. The first three lectures will be devoted to the introduction of these techniques at a user level.

Econ Requirements: An understanding of macroeconomics at an intermediate undergraduate level will be assumed. Those of you that lack any previous training in the subject should read any intermediate book (DeLong / Abel, Bernanke, Smith and Kneebone / Mankiw / Blanchard)

Textbook: This course will follow some of the material in Advanced Macroeconomics by David Romer, McGraw-Hill, and therefore I recommend you to own a copy (of any edition of the book). The chapters in the syllabus refer to the 4th edition.

Grading policy: There will be a mid-term (30%), a final (60%), and several problem sets (10%). This weighting cannot be changed on the basis of performance.

Midterm date and location: During class time on Tuesday, October 15th. If you miss the midterm (doctor’s note or similar) there will be no make-up exam and your exam grade will be based solely on the final.

Final date and location: TBD
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. Here is an outline of the course, with the associated readings (Starred (*) readings are required, Chapters from the book correspond to the 2nd Edition). Given that our lecture time is limited, some of the readings are aimed to complement the material covered in class.

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. Some mathematical tools.

ODE, systems of ODE’s, linear approximations and stability, qualitative solutions (phase diagram) and intertemporal optimization


1. Introduction.

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

Mankiw, G. (1990) “A Quick Refresher Course in Macroeconomics” JEL


2. Economic growth

2.1 Growth Facts and the world income distribution


* The Economist, “More or less equal”, March 11th, 2004


2.2 The Neoclassical Growth Model

* Romer (Ch. 1)
Solow, R. (1957) “Technical Change and the Aggregate Production Function” RES
Sala-i-Martin, X. (1997) “I Just Ran Two Million Regressions” AER

2.3 Endogenous Growth Theory

* Romer (Ch. 3.1-3.3. and 3.8)
* Solow R. (1994) “Perspectives on Growth Theory” JEP
Romer, P. (1986) “Increasing Returns and Long-Run Growth” JPE

2.4 Beyond K and H: Growth and institutions


3. Investment.

* Romer (Ch. 9)

4. Consumption.

* Romer (Ch.8)

5. Theories of economic fluctuations: Introduction


6. **Real Business Cycle models.**

**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

* Romer (Ch. 5)
* Plosser, Ch. (1989) "Understanding Real Business Cycles". JEP


7. **Keynesian theories of fluctuations.**

* Romer (Ch. 6.1)
* Romer (2000) “Keynesian Macroeconomics without the LM Curve” JEP
* Krugman, P. “There’s something about macro”
* Hicks, J. (1937) “Mr. Keynes and the "Classics": A Suggested Interpretation” Econometrica
* Blanchard, O.J. (1981) “Output, the Stock Market, and Interest Rates” AER
* Krugman, P. “Japan: Still Trapped”

**Journals:** Most of the articles can be found in JSTOR ([www.jstor.org](http://www.jstor.org)).
<table>
<thead>
<tr>
<th>Date</th>
<th>Contents</th>
<th>HW (tentative)</th>
<th>Readings**</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 03-Sep-19</td>
<td>Tuesday</td>
<td>Hello</td>
<td></td>
</tr>
<tr>
<td>2 05-Sep-19</td>
<td>Thursday</td>
<td>Math</td>
<td>HWI</td>
</tr>
<tr>
<td>3 10-Sep-19</td>
<td>Tuesday</td>
<td>Math</td>
<td></td>
</tr>
<tr>
<td>4 12-Sep-19</td>
<td>Thursday</td>
<td>Math</td>
<td></td>
</tr>
<tr>
<td>5 17-Sep-19</td>
<td>Tuesday</td>
<td>Math/Intro</td>
<td>The other-worldly philosophers (The Economist)</td>
</tr>
<tr>
<td>6 19-Sep-19</td>
<td>Thursday</td>
<td>Growth Motivation</td>
<td></td>
</tr>
<tr>
<td>7 24-Sep-19</td>
<td>Tuesday</td>
<td>Solow</td>
<td>Due</td>
</tr>
<tr>
<td>8 26-Sep-19</td>
<td>Thursday</td>
<td>Solow</td>
<td>HWII*</td>
</tr>
<tr>
<td>9 01-Oct-19</td>
<td>Tuesday</td>
<td>Solow</td>
<td></td>
</tr>
<tr>
<td>10 03-Oct-19</td>
<td>Thursday</td>
<td>Evaluation Solow</td>
<td>The Myth of Asia's Miracle (Krugman)</td>
</tr>
<tr>
<td>11 08-Oct-19</td>
<td>Tuesday</td>
<td>Endogenous</td>
<td></td>
</tr>
<tr>
<td>12 10-Oct-19</td>
<td>Thursday</td>
<td>Endogenous / Beyond</td>
<td>Due</td>
</tr>
<tr>
<td>13 15-Oct-19</td>
<td>Tuesday</td>
<td>Midterm</td>
<td></td>
</tr>
<tr>
<td>14 17-Oct-19</td>
<td>Thursday</td>
<td>Investment</td>
<td></td>
</tr>
<tr>
<td>15 22-Oct-19</td>
<td>Tuesday</td>
<td>Investment</td>
<td></td>
</tr>
<tr>
<td>16 24-Oct-19</td>
<td>Thursday</td>
<td>Investment</td>
<td></td>
</tr>
<tr>
<td>17 29-Oct-19</td>
<td>Tuesday</td>
<td>Consumption</td>
<td></td>
</tr>
<tr>
<td>18 31-Oct-19</td>
<td>Thursday</td>
<td>Consumption</td>
<td></td>
</tr>
<tr>
<td>19 05-Nov-19</td>
<td>Tuesday</td>
<td>Consumption/Intro BC</td>
<td></td>
</tr>
<tr>
<td>20 07-Nov-19</td>
<td>Thursday</td>
<td>Intro BC/RBC</td>
<td>HWIII</td>
</tr>
<tr>
<td>21 12-Nov-19</td>
<td>Tuesday</td>
<td>RBC</td>
<td>Baby-Sitting the Economy (Krugman)</td>
</tr>
<tr>
<td>22 14-Nov-19</td>
<td>Thursday</td>
<td>RBC</td>
<td>What economists do (Lucas)</td>
</tr>
<tr>
<td>23 19-Nov-19</td>
<td>Tuesday</td>
<td>Keynes</td>
<td></td>
</tr>
<tr>
<td>24 21-Nov-19</td>
<td>Thursday</td>
<td>Keynes</td>
<td></td>
</tr>
<tr>
<td>25 26-Nov-19</td>
<td>Tuesday</td>
<td>Keynes</td>
<td></td>
</tr>
<tr>
<td>26 28-Nov-19</td>
<td>Thursday</td>
<td>Keynes</td>
<td>Due</td>
</tr>
</tbody>
</table>

*Some of the material required to complete the assignment will be covered in the next couple of lectures

** You should read them before corresponding lecture