Carleton University
Department of Economics

ECON 4021 B
Advanced Macroeconomic Theory
2018 Winter

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Lectures: Tuesdays & Thursdays, 2:25p-3:55p
Tutorials: Tuesdays, 8:35a-9:55a

Course Website: cuLearn

Course Description

This course will provide an introduction to the modern approach to studying macroeconomics. This modern approach is characterized by the use of models that are micro-founded and dynamic in nature. We will develop several micro-founded theoretical models, and then study the implications of these models for the behaviour of the economy, primarily with regard to business cycles. A particular focus of the course will be in developing a dynamic, general equilibrium model of the economy using two-period and/or infinite horizon frameworks.

The course will help broaden students’ understanding of approaches to macroeconomics beyond the traditional IS-LM style frameworks that they may have encountered in previous courses. Moreover, for students planning on pursuing macroeconomics at the graduate level, the course
will provide an intuitive and theoretical foundation for studying the more complex macroeconomic models that will be encountered in typical graduate programs.

Prerequisites

ECON 1000 or FYSM 1003 with a grade of C- or higher; ECON 1401 (or equivalent) with a grade of C- or higher; and ECON 1402 (or equivalent), which may be taken concurrently with ECON 2102. Students who believe they have taken a similar background course or courses from another university must provide appropriate documentation to the Department of Economics Undergraduate Administrator, Amanda Wright.

Textbook


The course will be taught mainly from my own lecture notes, which will be posted on the course website. These notes often overlap significantly with the recommended textbook, though the teaching style is in many cases quite different. As a result, the textbook, while not necessary, may be useful for some students who feel they could benefit from a different take on the materials in the lecture notes. My suggestion is to hold off on buying the textbook until you have a better idea of whether you might benefit from it.

Course Website

This course will make use of cuLearn. I will post all materials for the course, including lecture slides, assignments and reading exclusions, on the cuLearn course website. Please ensure that you are set up on cuLearn prior to the course start date.

Tutorials

In addition to the lecture component, this course includes scheduled tutorials during which the TA will discuss and review assignment and midterm solutions, discuss separately assigned problems, and possibly present material to reinforce or support lecture material. I will announce the specific requirements during the term through cuLearn.
Evaluation

Each student’s grade will be calculated as follows:

- Written assignments: 24% (three assignments worth 8% of the final grade each).
- Midterm exam: 30%.
- Final exam: 46%.

Assignments

The tentative assignment due dates are as follows. I reserve the right to modify these dates depending on how the semester progresses.

- Assignment 1 due: Thursday, February 1.
- Assignment 2 due: Thursday, March 1.
- Assignment 3 due: Tuesday, April 3.

Each assignment will consist of various analytical questions intended to support and reinforce students’ comprehension of the course material, and to provide an indication of the type of questions that will be on the exams. As such, students are encouraged to treat each assignment as a critical learning opportunity. The assignments may include multiple choice questions, true/false questions, short-answer questions, and mathematical and/or numerical derivations/calculations. While students are permitted to discuss the assignment material with classmates, each student must ensure that their submitted work is their own. Please see the statement on plagiarism below.

Assignments must be submitted on the due date in class. Late assignments will not be accepted, and will receive a mark of zero.

I will post the assignments approximately two weeks in advance, and therefore only in rare cases where a student can document a compelling reason for a prolonged absence will he or she be excused from handing in an assignment. In such a rare case, the weight of that assignment will be transferred to the final exam.

While every effort will be made to return graded assignments to students in a timely manner, sometimes delays are unavoidable. It is therefore recommended that students retain some form of copy of their completed assignment when handing them in.
Midterm Exam

The midterm exam will take place during regular class time and is tentatively scheduled for Tuesday, March 6. I reserve the right to modify this date depending on how the semester progresses. Students who can document a compelling reason for missing the midterm exam will be excused and the weight of the midterm will be automatically added to the final exam. Students must inform the instructor of such an absence in advance, if possible. There will be no deferred midterm exam.

Final Exam

The final exam will take place during the Winter term examination period at a time and place set by the University. The exam will cover content from the entire course.

Documenting Absences

As noted above, in order to be excused from an assignment or midterm, students must provide official documentation of their (prolonged, in the case of assignments) absence, such as a doctor’s note or police report. This documentation may be subject to verification, and as such must be accompanied by a “Consent to Release Information to a Third Party” form (available on cuLearn).

Final Course Grade

Students must fulfill both the midterm and final exam course requirements in order to achieve a passing grade (D- or higher). Failure to write the midterm examination without a documented compelling reason or the final examination will result in a grade of F. Application to write a deferred final examination must be made at the Registrar’s Office.

Standing in a course is determined by the course instructor subject to the approval of the Faculty Dean. This means that grades submitted by the instructor may be subject to revision. No grades are final until they have been approved by the Dean. Note also that course grades may be scaled upwards or downwards in a rank-preserving manner to better fit the relevant departmental distributional norm.
Plagiarism

Please be aware that plagiarism is a serious offence at Carleton and should be recognized and avoided. For further information on how to do so, please see Pamphlet on Plagiarism and Paraphrasing.

Treatment of Course Materials

Student, teaching, assignment or professor materials created for this course (including but not limited to lecture slides, presentations and posted notes, labs, case studies, assignments, exams and solutions to assignments and exams) remain the intellectual property of the author(s). They are intended for personal use and may not be reproduced or redistributed without prior written consent of the author(s).

Academic Accommodation

You may need special arrangements to meet your academic obligations during the term. For an accommodation request, the processes are as follows:

Pregnancy obligation:

Please write to the instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. For more details see the Equity Services Student Guide.

Religious obligation:

Write to the instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. For more details see the Equity Services Student Guide.

Academic Accommodations for Students with Disabilities:

The Paul Menton Centre for Students with Disabilities (PMC) provides services to students with Learning Disabilities (LD), psychiatric/mental health disabilities, Attention Deficit Hyper-
ractivity Disorder (ADHD), Autism Spectrum Disorders (ASD), chronic medical conditions, and impairments in mobility, hearing, and vision. If you have a disability requiring academic accommodations in this course, please contact PMC at 613-520-6608 or pmc@carleton.ca for a formal evaluation. If you are already registered with the PMC, contact your PMC coordinator to send me your Letter of Accommodation at the beginning of the term, and no later than two weeks before the first in-class scheduled test or exam requiring accommodation (if applicable). After requesting accommodation from PMC, meet with me to ensure accommodation arrangements are made. Please consult the PMC website for the deadline to request accommodations for the formally-scheduled exam (if applicable).

You can visit the Equity Services website to view the policies and to obtain more detailed information on academic accommodation at www.carleton.ca/equity/accommodation.

Course Outline

This outline tentatively lists the topics that we will cover, and the chapter in the recommended textbook in which the corresponding material appears (where applicable). Note that appendices to the chapters are all located at the back of the textbook.

1. Introduction
   (a) Modern approach to macroeconomics ........................................ Chapter 1
   (b) Business cycle facts ....................................................... Chapter 3

2. Some math review

3. One-periods model of the economy
   (a) Consumer and firm behaviour ........................................ Chapter 4 & appendix
   (b) Putting it together ......................................................... Chapter 5 & appendix
   (c) Search and unemployment ............................................. Chapter 6

4. Multi-period models of the economy
   (a) A two-period endowment economy .................................... Chapter 9 & appendix
   (b) An infinite-horizon endowment economy
   (c) A two-period real model with investment .......................... Chapter 11 & appendix
   (d) An infinite-horizon production model
   (e) Adding money .............................................................. Chapter 12 & appendix
(f) Market-clearing models of the business cycle......................... Chapter 13

5. Economics of an imperfect world

(a) Credit market imperfections ............................................. Chapter 10
(b) New Keynesian economics: sticky prices.........................Chapter 14
(c) Financial intermediation and the Diamond-Dybvig model…Chapter 17 (second half)

Please note that I reserve the right to make modifications to the list of contents as the term proceeds.