COURSE INFORMATION
Lectures: Wednesday, 11:35 - 2:20 pm (SA 505)
Tutorials: Monday, 6:05- 7:25 pm (LA A720)
Office: LOEB-D891
Office Hours: Tuesday, 2:30 - 3:30pm or by appointment
Contact: hashmat.khan@carleton.ca, Tel 613.520.2600 (Ext 1561)

COURSE DESCRIPTION
This course introduces advanced techniques and topics in macroeconomic theory at a Master’s level. We will cover a range of theoretical models of business cycles, economic growth, consumption, investment, and labour markets. For each topic, we will review some empirical descriptive statistics that motivate the construction and evaluation of modern macroeconomic models.

The main objectives of the course are:

- To develop analytical skills for studying a range of dynamic general equilibrium models. By the end of the course, you should be able to solve macroeconomic models using methods of constrained optimization in discrete and continuous time.

- To understand interactions between macroeconomic theory and data. By the end of the course, you should know what insights macroeconomic models give in better understanding business cycles, growth, consumption, investment, inflation, and unemployment.

- To highlight some important contemporary issues and policy debates in macroeconomics.

COURSE MATERIAL

- Lectures. The lectures will present theoretical macroeconomic models and their implications, and evaluate their usefulness in understanding macroeconomic phenomena. Each week, the lecture outline will be posted via cuLearn on Monday. I will use the board extensively for exposition (no lecture notes will be posted for this material). The lecture material will not be a substitute for the required readings.


- Additional Required Readings: For each topic additional readings will be assigned in the lectures. These articles can be accessed from the library.
TOPICS

1. Dynamic Macroeconomic Models
   - Discrete Time Models
   - Representative Agent
   - Budget Constraints
   - Complete Markets
   - Atemporal and Intertemporal Trade-Offs
   - Rational Expectations
   - Stochastic Difference Equations

Lecture notes
DR: Chapter 5

Assigned readings

2. Consumption and Asset Pricing
   - The Permanent-Income Hypothesis (PIH)
   - The Random Walk (RW) Hypothesis
   - The Interest rate and Saving
   - Consumption and Risky Assets
   - The Equity Premium Puzzle
   - Precautionary Savings
   - Liquidity Constraints
   - Asset Bubbles

Lecture notes
DR: Chapter 8

Assigned readings
3. Business Cycles
   • Real Business Cycle Theory
   • Shocks and Propagation
   • Generalizations, Limitations and Critiques

Lecture notes
DR Chapter 5

Assigned readings

4. Business Cycles under Real and Nominal Frictions
   • Imperfect Information
   • Incomplete Nominal Adjustment
   • Imperfect Credit Markets
   • Monetary and Fiscal Policies

Lecture Notes
DR Chapters 6, 7 (selected parts)

Assigned readings

5. Labour Markets in Macroeconomic Models
   • Theories of Unemployment
   • Search and Matching Models

Lecture notes
DR: Chapter 10 (selected parts)

Assigned readings

6. Economic Growth
   • The Solow Growth Model
   • The Ramsey-Cass-Koopmans Model (Neoclassical Growth Models)
   • Endogenous Growth Models
Tutorial sessions will be given throughout the course. Attendance is compulsory and will be taken. The objectives of the tutorial sessions are:

- Discussion of the assignment and other problems
- Discussion of material supporting the lectures
- Discussion of the midterm exam

COURSE EVALUATION

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<thead>
<tr>
<th>Component</th>
<th>Weight</th>
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<tbody>
<tr>
<td>Assignments</td>
<td>20%</td>
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<tr>
<td>Tutorial Attendance</td>
<td>5%</td>
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<tr>
<td>Midterm Exam (SATURDAY, March 3rd, 2pm-5pm)</td>
<td>25%</td>
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<td>Location: TBA</td>
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<tr>
<td>Final Exam</td>
<td>50%</td>
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<td>100%</td>
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IMPORTANT NOTES:

- No deferred midterm exam. If a student misses the midterm exam for a valid and documented reason, the 25% weight will be added to the final exam.

- Remarking: Any request for the remarking of a midterm exam or problem set must be submitted in writing within one week of that exam first being returned to the class. The request should contain a detailed explanation of why you feel you should receive a higher mark. Please note that remarking will apply to the entire assignment/exam, not just the contentious question. As a result, the revised mark maybe higher than, lower than or the same as the original mark. Exams or assignments completed in pencil or erasable ink will not be regraded.

- Satisfactory Performance: Students who fail to submit at least 60% of the assignments or who fail to write the midterm examination (without a documented compelling reason) will receive a grade of FND (Failure with No Deferred final examination allowed). Failure to write the final examination when the student has achieved satisfactory performance during the term will result in a grade of ABS (ABSent from a required final examination). Application to write a deferred final examination must be made at the Registrars Office. Note that course grades may be scaled upwards or downwards in a rank-preserving manner to better fit the relevant departmental distributional norm.
• **The final exam**: To be held during the April Examination Period as scheduled by the University

• **Tutorial attendance**: To secure the full 5% tutorial attendance grade you must not miss more than **two** tutorial sessions. Tutorial attendance will be taken

• **Your decision**: If you receive a low or a failing grade on the midterm exam, or have any doubts about passing this course at any stage, it is your decision whether to continue in the course or not

**ACADEMIC ACCOMMODATIONS and POLICIES**

**Disabilities**: Students with disabilities requiring academic accommodations in the course are encouraged to contact a coordinator at the Paul Menton Centre to complete the necessary letters of accommodation. After registering with the PMC, make an appointment to meet and discuss your needs with me at least two weeks prior to the midterm exam. This is necessary in order to ensure sufficient time to make the necessary arrangements. Please meet the deadlines for submitting completed forms to the PMC for formally scheduled exam.

**Religious obligations**: Consult Equity Services or an Equity Advisor (ext. 5622) for the current **policy** and a list of days.

**Parental leave**: Requests for academic accommodation is to be made during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. For more information consult Equity Services.

**Plagiarism**: Please be aware that plagiarism is serious offence at Carleton and should be recognized and avoided. For information on how to do so, please see “Pammett on Plagiarism and Paraphrasing” at [http://carleton.ca/economics/courses/writing-preliminaries/](http://carleton.ca/economics/courses/writing-preliminaries/).