

University of Waterloo
Department of Economics
ECON 402-001, Spring 2011
Macroeconomic Theory III
Course Outline

Professor: Kate Rybczynski
Office: 242 Hagey Hall
Hours: Tuesday, Thursday 10:00-11:30am, or by appointment
e-mail: k rybczyn at uwaterloo.ca
web page: <http://www.arts.uwaterloo.ca/~krybczyn/402/>
Lectures: 8:30-9:50am PHY 235, Tues & Thurs

Course Description:

This course introduces students to advanced macroeconomic tools used for analysis of economic dynamics. Emphasis is placed on the individual decision making that underlies aggregate behaviour in a dynamic framework. The models developed in this course are used to analyze economic growth, unemployment, inflation, consumption and savings. Empirical techniques used to test the predictions of the models are discussed.

A high level of mathematical and quantitative analysis is required in this course. Students weak in math are advised to brush up on calculus, linear algebra and statistics PRIOR to the start of the term.

Course Materials:

The text book for this course is Advanced Macroeconomics, 3rd Edition, by David Roemer. Although the 3rd edition is at the bookstore, if you wish to purchase the 2nd Edition used, it covers the core material almost as well. The 2nd Edition text is on reserve at Dana Porter Library.

On Line: Lecture notes, Announcements, Study Questions and Assignments.

Course Requirements and Grading Scheme:

Assignments (4)	5%, 10%, 10%, and 5%	Due May 19, June 14, July 7, and 21
Mid-term Exam	30%	Thursday, June 23, in class
Final Exam	40%	

The Rules for ECON 402:

Assignments must be submitted No Later than 11:59pm in the 402 assignment drop box (outside HH210) on the due date. Any missed assignments will have their weight automatically transferred to the final exam. You may work together, but you must submit individual assignments and acknowledge all help.

If you miss the mid-term, the weight of this test will automatically go to your final exam. No make-up will be held. If you do better on the final than on the mid-term, the weight is automatically shifted to your final exam.

At the discretion of the instructor, a student who misses the Final Exam may write the a make-up for the Final Exam ONLY. This make-up will be substantially different than that written by the rest of the class, and may contain an oral component. Students applying to write this make-up are required to fill out a “petition addressed to the departmental examinations and standing committee” and submit it to me within 48 hours of missing the final. On this form, you must state the reasons for the missed test and provide documentation (medical or other). Request forms are available at the department, and online at <http://www.economics.uwaterloo.ca/DepartPetition.pdf>. You may also read the Departmental policy here:

<http://www.economics.uwaterloo.ca/DeferredExams.html>. A student who fails to write the deferred exam will automatically receive a grade of zero on that exam.

Topics:

I. Introduction

- common questions and models
- basic tools and methods

II. Growth (chapters 1, 3 & 2)

- representative agent
- overlapping generations (OLG)
- endogenous growth
- convergence

III. Business Cycles (chapter 4)

- basic facts
- real business cycle (RBC) theory
- endogenous business cycles

IV. Unemployment & Labour (chapter 9)

- efficiency wage
- search & matching

****Announcements and additional reading suggestions will be posted on the course web page. Students are advised to check this and the announcements page frequently.****

Your Rights and Responsibilities:

Academic Integrity: *“In order to maintain a culture of academic integrity, members of the University of Waterloo community are expected to promote honesty, trust, fairness, respect and responsibility.”*

Discipline: *“A student is expected to know what constitutes academic integrity, to avoid committing academic offenses, and to take responsibility for his/her actions. A student who is unsure whether an action constitutes an offense, or who needs help in learning how to avoid offenses (e.g., plagiarism, cheating) or about “rules” for group work/collaboration should seek guidance from the course professor, academic advisor, or the Undergraduate Associate Dean. When misconduct has been found to have occurred, disciplinary penalties will be imposed under Policy 71 – Student Discipline. For information on categories of offenses and types of penalties, students should refer to Policy 71 - Student Discipline.”*
<http://www.adm.uwaterloo.ca/infosec/Policies/policy71.htm>

Appeals: *“A student may appeal the finding and/or penalty in a decision made under Policy 70 - Student Petitions and Grievances (other than regarding a petition) or Policy 71 - Student Discipline if a ground for an appeal can be established. Read Policy 72 - Student Appeals.”*
<http://www.adm.uwaterloo.ca/infosec/Policies/policy72.htm>

“How to Avoid Plagiarism and Other Written Offences: A Guide for Students and Instructors” - <http://www.adm.uwaterloo.ca/infosec/Policies/policy70.htm>

Grievance: *“A student who believes that a decision affecting some aspect of his/her university life has been unfair or unreasonable may have grounds for initiating a grievance. Read Policy 70 - Student Petitions and Grievances, Section 4, Grievance.”* <http://www.adm.uwaterloo.ca/infosec/Policies/policy70.htm> .

Disability: *“Note for students with disabilities: The Office for Persons with Disabilities (OPD), located in Needles Hall, Room 1132, collaborates with all academic departments to arrange appropriate accommodations*

for students with disabilities without compromising the academic integrity of the curriculum. If you require academic accommodations to lessen the impact of your disability, please register with OPD at the beginning of each academic term."