

ECON 402
MACROECONOMIC THEORY 3
Department of Economics
University of Waterloo
Winter 2016

Meetings

Lecture time: Tuesday and Thursday 11:30AM-12:50PM

Lecture location: EV3 4408

Instructor information

Instructor: Francisco M. Gonzalez

Office: Hagey Hall 130

Office hours: Tuesday and Thursday 14:00-15:00

E-mail: francisco.gonzalez@uwaterloo.ca

Course description

This is a fourth-year course in macroeconomic theory for honours economics students. Its main purpose is to provide students with the methodological principles that underlie modern analyses of the macro-economy, and to prepare students for graduate level macroeconomic theory courses.

Textbook

Williamson, Stephen (2012): Macroeconomics, Fourth Canadian Edition, Pearson Education Canada.

Evaluation

Student performance will be evaluated through a collection of assignments, a midterm exam and a final exam, with the following weights:

Assignments: 20%

Midterm exam: 40%

Final exam: 40%

Students are expected to work in groups (about 3 students per group) on all assignments. Detailed information about assignments will be provided in class. The

midterm exam will be held on March 1 and it will take place in the class period and the room classes are held. The final exam will be scheduled by the Registrars Office.

There will be no make-up tests. If a student misses the midterm exam, and she/he can provide credible documentation for missing the test, the weight on the test will be transferred to the final exam. The Economics Department Deferred Final Exam Policy is found at <https://uwaterloo.ca/economics/current-undergraduates/policies-and-resources/deferred-final-exam-policy>.

Course outline

The course is organized into three parts. The first part considers the principles of dynamic general equilibrium theory that underlie modern economic analyses of the macro-economy. The second part focuses on the equilibrium analysis of labor market outcomes. The third part discusses the implications of macroeconomic theory for government policy.

Part 1. Principles of dynamic general equilibrium theory

Williamson (chapters 4, 5, 9, 11).

Part 2. Workers, jobs and wages

Williamson (chapter 6).

Autor, D.H., "The polarization of job opportunities in the U.S. labor market: implications for employment and earnings", Center of American Progress and The Hamilton Project, May 2010.

Autor, D.H. and M. Wasserman, "Wayward sons: the emerging gender gap in labor markets and education", *Third Way*, March 2010.

Part 3. Economic theory, evidence, and policy

Williamson (chapters 7, 9, 10, 11, 17 and 18).

Barro, R., "Notes on growth accounting", *Journal of Economic Growth*, June 1998, 119-137.

Auerbach, A.J., J. Gokhale and L.J. Kotlikoff, "Generational accounting: a meaningful way to evaluate fiscal policy", *Journal of Economic Perspectives*, Winter 1994, 73-94.

Alvaredo, F., A.B. Atkinson, T. Piketty and E. Saez, "The top 1 percent in international and historical perspective", *Journal of Economic Perspectives*, Summer 2013, 3-20.

Weekly schedule

1. Jan. 5, Jan. 7: general equilibrium
2. Jan. 12, Jan. 14: intertemporal choice
3. Jan. 19, Jan. 21: macroeconomic models with overlapping generations
4. Jan. 26, Jan. 28: economic growth
5. Feb. 2, Feb. 4: labor market outcomes
6. Feb. 9, Feb. 11: macroeconomic models of the labor market
7. Feb. 16, Feb. 18: READING WEEK
8. Feb. 23, Feb. 25: inequality
9. March 1, March 3:
 - March 1: MIDTERM EXAM
 - March 3: growth accounting
10. March 8, March 10: government spending, taxes and debt
11. March 15, March 17: social security; generational accounting
12. March 22, March 24: time-consistent economic policy
13. March 29, March 31: income distribution

Statements and links to be included on all course outlines:

Economics Department Deferred Final Exam Policy

Deferred Final Exam Policy found at <https://uwaterloo.ca/economics/current-undergraduates/policies-and-resources/deferred-final-exam-policy>.

Cross-listed course

Please note that a cross-listed course will count in all respective averages no matter under which rubric it has been taken. For example, a PHIL/PSCI cross-list will count in a Philosophy major average, even if the course was taken under the Political Science rubric.

Academic Integrity

Academic Integrity: In order to maintain a culture of academic integrity, members of the University of Waterloo 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 offences, and to take responsibility for his/her actions. A student who is unsure whether an action constitutes an offence, or who needs help in learning how to avoid offences (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](https://uwaterloo.ca/secretariat-general-counsel/policies-procedures-guidelines/policy-71) (<https://uwaterloo.ca/secretariat-general-counsel/policies-procedures-guidelines/policy-71>)

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](https://uwaterloo.ca/secretariat-general-counsel/policies-procedures-guidelines/policy-70) (<https://uwaterloo.ca/secretariat-general-counsel/policies-procedures-guidelines/policy-70>), Section 4.

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](https://uwaterloo.ca/secretariat-general-counsel/policies-procedures-guidelines/policy-72) (<https://uwaterloo.ca/secretariat-general-counsel/policies-procedures-guidelines/policy-72>).

Other sources of information for students:

[Academic Integrity website \(Arts\)](https://uwaterloo.ca/arts/current-undergraduates/student-support/ethical-behaviour)

<https://uwaterloo.ca/arts/current-undergraduates/student-support/ethical-behaviour>

[Academic Integrity Office \(UWaterloo\)](https://uwaterloo.ca/academic-integrity/)

<https://uwaterloo.ca/academic-integrity/>

Accommodation for Students with Disabilities

Note for students with disabilities: The [AccessAbility Services](https://uwaterloo.ca/disability-services) office (<https://uwaterloo.ca/disability-services>), located on the first floor of the Needles Hall extension (NH 1401), 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 the AS office at the beginning of each academic term.

If you are using Turnitin in your course

Turnitin.com: Text matching software (Turnitin®) will be used to screen assignments in this course. This is being done to verify that use of all material and sources in assignments is documented. In the first week of the term, details will be provided about the arrangements for the use of Turnitin® in this course. (Note: students must be given a reasonable option if they do not want to have their assignment screened by Turnitin ®. See [guidelines for instructors](#) for more information.)