

Economics 302
Macroeconomic Theory II
Winter 2017 Course Outline

Contact Information:

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Course Time, Location, Office Hours and Teaching Assistant:

Time and location: TuTh, 10:00–11:20 am, RCH 105
Office hours: Wednesday, 1:30 – 3:00 pm or by appointment
Teaching Assistant: TBA

1 Course Objectives and Textbooks

This course is an introduction to macroeconomics at an advanced undergraduate level. The course will emphasize various important topics in macroeconomic theory. A large part of the course will be devoted to the facts and models of economic growth. You will learn how these theoretical frameworks can be used to understand and interpret actual macroeconomic events. To this end, we will use journal articles, articles in newspapers and the Economist magazine to apply concepts learned in class to the real world. Every two weeks, we will devote 15-20 minutes of class to a current and important topic in macroeconomics.

Students are assumed to have been exposed to basic calculus and linear algebra during their 200's courses. Although not compulsory, you are **strongly advised** to attend classes and participation is strongly encouraged.

Your primary source of material for this course are my lecture notes. The lecture notes will be posted in advance of the lectures on LEARN at <http://learn.uwaterloo.ca>. You will need to be registered to access the lecture notes. The lecture notes will be based on several sources, including journal articles, textbooks and various other articles. Although I will recommend a textbook, I do not intend to make extensive use of it. I will, however, in most cases follow the structure of the book but at times may deviate substantially from it. Note that a lot of the materials taught in class will not be included in the lecture notes; this is why attendance is strongly encouraged.

In addition to lecture notes, an important number of journal articles and articles from the Economist will also be posted on LEARN. Many of these articles will be the subjects of discussion in class at the end of each lecture topic. You are required to read these short and non-technical articles as you may be asked questions on the exam regarding their content.

1.1 Textbook

The textbook that is recommended for this course is *Macroeconomics, Third Canadian Edition* by Williamson, S. D. [SDW]. There are other numerous useful textbooks for this course. They are in no particular order of preference:

1. Jones, C., and Dietrich Vollrath. 2013. *Introduction to Economic Growth*, Third Edition, W. W. Norton & Company [CJ]
2. Weil, D.N. 2012. *Economic Growth*, Third Edition, Pearson, Addison Wesley. [DW]

If you feel that you have a weak background in mathematics, I recommend the following book :

- Simon, Carl, P., and Lawrence Blume, *Mathematics for Economists*, W. W. Norton & Company, 1994. [SB]

You are also required to read the business section of one of the main national newspaper (National Post and/or Globe and Mail) and the Financial Times particularly articles on the Canadian economy. The following websites are very useful for current events:

2 Evaluation

1. Final exam (1h30mins) at the end of the term scheduled by the registrar (worth 40%).
2. Two midterms (each worth 20%) held on Thursday February 16 and Tuesday March 14. You will receive a further announcement regarding the location of the midterms.
3. Two assignments (each worth 10%) **due in class** on Thursday February 9 and Thursday March 7. **Late assignments will receive a mark of zero.** NO exceptions whatsoever are allowed.

3 Lecture Topics and References

3.1 Facts about Economic Growth

- Stylized facts about economic growth

Readings:

- CJ, chapter 1
- DW, chapter 1
- Charles Jones. 2016. "The Facts of Economic Growth," NBER Working Paper No 21142

3.2 Exogenous Growth Model

- Malthus model of economic growth
- Solow model of economic growth
- Growth accounting
- Income disparity and convergence

Readings:

- Williamson chapter 6
- Jones, chapter 2.
- “Growth Theory,” *The Economist* print edition, May 18, 2006

3.3 Endogenous Growth: A Model of Human Capital Accumulation

- Stylized facts: Human capital in the form of education and health
- Augmented Solow Growth model: The role of education

Readings:

- Williamson chapter 7
- Mankiw, N.G., D. Romer and D.N Weil. 1992. “A Contribution to the Empirics of Growth,” *Quarterly Journal of Economics*, 107: 407—437.
- Barro, R. J. 2001. “Human Capital and Growth,” *American Economic Review*, 91:2, 12–17.

3.4 One period model of the economy

- Williamson chapter 4

3.5 Two-period model of the economy

- Williamson chapter 9

3.6 OLG model of the economy

- OLG model
- Ricardian equivalence Theorem
- Social Security and savings
- Medium of exchange

4 Policy on Missed Tests and Assignments

- (i) Assignments have to be handed on time. If you miss the deadline, you will receive a mark of zero. No exceptions are allowed.
- (ii) No make-up tests or assignments will be provided.
- (iii) Students who miss a midterm for medical reasons have **one week** to submit the relevant medical certificate (original documents and not a photocopy or a scanned copy).
- (iv) Students who do not have a relevant medical certificate or who do not hand in the medical certificate on time will receive a mark of zero on any missed test.
- (v) The weight of the missed midterm will be automatically transferred to the final exam.

5 Policy on Remarking of Tests

All regrade requests must be submitted to me within one week of receiving the grade in question. In your request, you must clearly indicate the reasons why you want your midterm or your assignment to be regraded. Note that if you want your midterm and assignment re-graded, I will remark the entire piece of work. Your grade may go up, down or stay the same as a result of this.

6 Academic Integrity

6.1 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. See the [UWaterloo Academic Integrity webpage](#) and the [Arts Academic Integrity webpage](#) for more information.

6.2 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](#). For typical penalties check [Guidelines for the Assessment of Penalties](#).

6.3 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. When in doubt, please be certain to contact the department's administrative assistant who will provide further assistance.

6.4 Appeals

A decision made or penalty imposed under Policy 70 - Student Petitions and Grievances (other than a petition) or Policy 71 - Student Discipline may be appealed if there is a ground. A student who believes he/she has a ground for an appeal should refer to [Policy 72 - Student Appeals](#).

7 Accommodation for Students with Disabilities

Note for students with disabilities: The [AccessAbility Services office](#), located on the first floor of the Needles Hall extension (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.