University of Waterloo
Department of Economics
ECON 602
Macroeconomic Theory I
Winter 2021

Instructor and T.A. Information

Instructor: Derek Stacey

Office: working from home, but available for virtual office hours via WebEx

Office Phone: 519-888-4567, ext. 36825

- Though I will not be answering calls to my office phone number while working from home, I have set it up to receive voicemail messages remotely.

Office Hours: Tuesdays 10:30 – 11:30 and Thursday 1:30 – 2:30

- Virtual office hours will be held using WebEx. The Meeting link, meeting number and password are posted to LEARN as an announcement.

Email: dstacey@uwaterloo.ca

- When sending email, please put "ECON 602" in the subject line.

Course Description

The main purpose of this course is to provide students with the methodological tools that underlie dynamic equilibrium analysis of the macroeconomy. In this iteration of ECON 602, we will formally analyze the basic models used in modern macroeconomic theory and their applications to the study of various economic issues. Topics covered will include recursive methods, asset pricing, growth, business cycles, and markets with frictions.

Recommended Texts

- Krueger, Dirk (2013). "Macroeconomic Theory," unpublished manuscript.
- Ljungqvist, Lars and Thomas J. Sargent (2018). "Recursive Macroeconomic Theory," Fourth Edition, MIT Press, Cambridge, MA.
- Jianjun Miao (2014). "Economic Dynamics in Discrete Time," MIT Press, Cambridge, MA.

Readings Available on LEARN

Lecture notes, slides, short videos, practice problems and other course materials will be posted on LEARN. The course is divided into six 2-week modules. For each module I will post the course materials on or before the Monday of the first week. By the Monday of the second week, I will post the problem set for that module. Students should check LEARN regularly for course materials and announcements.

Course Requirements and Assessment

Assessment	Due Date	Weighting
Problem Set 1	January 25	16.66%
Problem Set 2	February 8	16.66%
Problem Set 3	March 1	16.66%
Problem Set 4	March 17	16.66%

Assessment	Due Date	Weighting
Problem Set 5	March 29	16.66%
Problem Set 6	April 12	16.66%
Total		100%

Problem Sets

Six problem sets related to class material will be assigned during the course. These problem sets are equally weighted. Each student must complete the problem sets independently and submit their own solutions. We will use the dropbox feature on LEARN for submitting solutions to the assigned problem sets. Problem sets are due the Monday following the completion of each 2-week module. I will post solutions to the problem sets after their due dates. I cannot accept late problem set submissions once these solutions become available.

Course Outline

Week	Date	Topic	Readings	Assessments
1	Jan 11 – 15	Recursive Methods I	LS ch. 3 & 4; K ch. 4 & 5; M ch. 5, 6 & 7	Problem Set 1
2	Jan 18 – 22	Recursive Methods II		
3	Jan 25 – 29	Competitive Equilibrium I	LS ch. 8 & 12; K ch. 2; M ch. 13	Problem Set 2
4	Feb 1 – 5	Competitive Equilibrium II		
5	Feb 8 – 12	Asset Pricing I	Supplementary Materials	Problem Set 3
	Feb 15 – 19	Reading Week		
6	Feb 22 – 26	Asset Pricing II		
7	Oct 26 – 30	Growth I	K ch. 3; M ch. 14	Problem Set 4
8	Mar 1 – 5	Growth II		
9	Mar 8 – 12	Real Business Cycles I	K ch. 6; Supplementary Materials	Problem Set 5
10	Mar 17 – 19	Real Business Cycles II		
11	Mar 29 – Apr 2	Markets with Frictions I	LS ch. 6, 29, & 30; Supplementary Materials	Problem Set 6
12	April 5 – April 9	Markets with Frictions II		

Institutional-required statements for undergraduate course outlines approved by Senate Undergraduate Council, April 14, 2009

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. [Check the Office of Academic Integrity for more information.]

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.

Discipline: A student is expected to know what constitutes academic integrity to avoid committing an academic offence, and to take responsibility for his/her actions. [Check the Office of Academic Integrity for more information.] 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 instructor, academic advisor, or the undergraduate associate dean. For information on categories of offences and types of penalties, students should refer to Policy 71, Student Discipline. For typical penalties, check Guidelines for the Assessment of Penalties.

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.

Note for students with disabilities: AccessAbility Services, located in Needles Hall, Room 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 AccessAbility Services at the beginning of each academic term.