ADVANCED MACROECONOMICS

COURSE OUTLINE

Advan_Mac_OUT_F_2012

Fall 2012 Professor : Hassouna Moussa

Office Location: BAC 347
Office Telephone: 902 585 1511
Email Address: moussa@acadiau.ca
Office Hours: Monday and Wednesday 3:00 pm - 4:30 p.m.
Tuesday 11:00 am 12:00 am

RECOMMENDED TEXTBOOKS

Lecture Notes H. Moussa, 2012

Romer D. "Advanced Macroeconomics" McGraw Hill. Third edition 2006

Barro R.: Macroeconomics, Fourth edition, Wily, New York, 1995.

Objectives and Methodology:

Welcome to this course of Advanced Macroeconomics. This course is meant to provide a transition between undergraduate and graduate level macroeconomics. The prerequisites for this course are: intermediate macroeconomics, empirical analysis in economics and business (Econ 2613, 2623), Mathematical Economics and preferably Econometrics.

Advanced Macroeconomics is not a repetition of intermediate macroeconomics. It is rather a deepening and a continuation. Since it is a transition course, the student will be asked not to restrict his/her attention to any particular textbook. Textbooks are meant to provide guidelines. Students are expected to read use and comment on papers. Students are urged to assess economic theory critically and participate in class discussion with original ideas. For this purpose, the student will find it necessary to make readings of several pieces on economic policy at the elementary level. He/she will also be asked to write a serious paper on macroeconomic policy preferably using statistical analysis.

The course will give the student an opportunity to apply the analytical tools of macro and micro economic theory and will help him/her understand issues of unemployment, inflation, and business cycles. It will also consider such issues as the role of government, the consumer, the worker and business in the stabilization of economic activity and employment in an open economy with substantial international trade flows and buffeted by large possibly capricious movements of financial capital.

COURSE OUTLINE:

Weeks 1 and 2:	Growth and technological progress Moussa, ch. 1, Romer, Ch. 1, Domar,
Week 3	Growth and Money Moussa Chapter 12
Week 4	Consumption Function and the Life Cycle Hypothesis. Moussa Ch. 2, Romer Chapter 7, Modigliani 1985, Hall 1978
Weeks 5 and 6	Investment

	Moussa Chapter 3, Romer chapter 8
Week 8	International Trade and Financial Capital Movements. Purchasing Power Parity, Interest Rate Parity, and rate of change of the exchange rate. Melvin Chs 5 and 8, Moussa ch. 4, Dornbush Ch 11
	Friedman's Criticism of Keynesian Economic Theory Friedman The natural rate of unemployment Barro Ch 11, Moussa, ch 5
Week 9	Endogenous fluctuations and the role of monetary policy Moussa ch 6
Week 10	Rational Expectations, the Phillips Curve and Monetary and Fiscal Policies Wallace and Sargent, Moussa Ch. 12, Romer chapter 6
Week 11	Determinants of Interest Rates, Ricardian Equivalence, and Government Budget Deficits Moussa Ch 8, Romer Ch 2. Barro Chs 10 and 12, Kormendi
Week 12	Wage and Price Flexibility and the costs of disinflation Moussa, Ch 10, Scarth ch 4
Week 13	Real Business Cycles, Moussa ch. 9, Romer ch. 4, King Plosser and Rebelo.

GRADING SYSTEM

There will be three assignments, a paper, a midterm exam and a final exam.

	Weight	**Distribution Date**	**Due Date**
Assignments	15		
1		September 22 2012	October 5, 2012
2		October 5 , 2012	October 15 , 2012
3		November 1, 2012	November 12, 2012
Paper	20		November 30, 2012
Midterm Exam	30		October 24, 2012
Final Exam	35		To be announced

References

Blanchard O. and S. Fischer, 1989" Lectures on Macroeconomics", *MIT Press*, Cambridge, MA.

Brendt, E. R. 1991, "The Practice of Econometrics", *Addison Wesley*, New York

Domar, E. 1947 "Expansion and Employment", American Economic Review, 37, March, pp. 34-55.

Fair, R, 1984, "Specification, Estimation, and Analysis of Macroeconomic Models", Harvard University Press, Cambridge, MA.

Feldstein M. 1988. "Feldstein on the Dollar" The Economist, December 1988.

Friedman M, 1968. "The Role of Monetary Policy", American Economic Review, 58, May, pp. 1-17.

Hall R, 1978. " Stochastic Implications of the Life Cycle-Permanent Income Hypothesis, Theory and Evidence," Journal of Political Economy, December, pp. 971-988.

Keynes, J. M. 1936, "The General Theory of Employment, Interest and Money" New York.

Kormendi, R. 1983 "Government Debt, Government Spending, and Public Sector Behavior" American Economic Review, December, 994, 1010.

Meier G. M. and J. E. Rauch, 2000 "*Leading issues in Economic Development*", Oxford University, New York

Mishkin, F. S., and A. S. Posen, 1997, "Inflation Targeting Lessons from Four Countries" Economic Policy Review, Federal Reserve Bank of New York, 3, August, pp. 9-105

Modigliani, F., 1986, "Life Cycle, Individual Thrift, and the Wealth of Nations.."American Economic Review, June, 297-313

Moussa H. 1990. " The Classical Model and the Great Depression".

Moussa H. 1993. "Search for Profits, Money Supply changes and Fluctuations in Employment"

Moussa H. 1992. "Lecture Notes on Manpower and Employment"

Moussa, H, 1997. "Lecture Notes on macroeconomics"

Moussa, H. 1996, "A macroeconomics Model for Tunisia"

Plosser C. I., "Understanding Real Business Cycles " The Journal of Economic Perspectives, Vol. 3, N 3, Summer 1989.

Poole, W. 1970. "The Optimal Choice of Monetary Policy in a Simple Stochastic Macro Model," Quarterly Journal of Economics, 84, May pp. 197-216.

Sargent T. and Wallace N. 1981 "Rational Expectations and the Theory of Economic Policy." in Rational Expectations and Econometric Practice, R. E. Lucas and T. Sargent, Editors, The University of Minnesota Press, Minneapolis, Vol. 1, pp. 199-214

GOOD LUCK AND GOOD YEAR.