
ADVANCED MACROECONOMICS

COURSE OUTLINE

Advan Macro econ Course Outline F 2019

Fall 2019

Professor : Hassouna Moussa

Office Location: BAC 347
Office Telephone: 902 585 1511
Email Address: moussa@acadiu.ca
Office Hours: Tuesday and Thursday 11:00 am 12:00 am

RECOMMENDED TEXTBOOKS

Lecture Notes H. Moussa, 2019

Romer D. "Advanced Macroeconomics" McGraw Hill. Third edition 2006, Fourth edition 2006-2011

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:	Economic Growth and technological progress Moussa, Chapter 1, Romer, Chapter 1, Domar,
Week 3	Economic Growth and Money Moussa Chapter 2
Week 4	International Trade and Financial Capital Movements. Purchasing Power Parity, Interest Rate Parity, and rate of change of the exchange rate. Moussa Chapter 3, Romer Chapter 5
Weeks 5 and 6	Rational Expectations, the Phillips Curve, and Monetary and Fiscal Policies Wallace and Sargent, Moussa Chapter 4, Romer chapter 6
Week 7	Staggered labour contracts and rational expectations, Moussa chapter 5, Romer chapter 6

Week 8	Friedman's Criticism of Keynesian Economic Theory, Friedman, Romer chapter 5 The natural rate of unemployment, Moussa chapter 11
Week 9	Consumption Function and the Life Cycle Hypothesis. Moussa Chapter 6, Romer Chapter 7, Modigliani 1985, Hall 1978
Weeks 10-11	Investment, Moussa Chapter 7, Romer chapter 8
Week 12	Determinants of Interest Rates, Ricardian Equivalence, and Government Budget Deficits Moussa Chapter 8, Romer Chapter 11, Kormendi
Week 13	Real Business Cycles, Moussa Chapter 9, Romer Chapter 4
Week 14	Wage and Price Flexibility and the costs of disinflation Moussa, Chapter 10
	Savings and technological progress in a growing economy, Romer Chapter 3 new growth theory

GRADING SYSTEM

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

	Due Date	Weight
Assignments	See Assignments Schedule below	15
Paper	December 4, 2019	15
Midterm Exam	October 25, 2019	35
Final Exam	To be announced	35

ASSIGNMENTS SCHEDULE

Assignment	Distribution Date	Due Date
1	September 20, 2019	October 2, 2019
2	October 4, 2019	October 16, 2019
3	November 13, 2019	November 27, 2019

References

- Domar, E. 1947 "Expansion and Employment", *American Economic Review*, 37, March, pp. 34-55.
- Stanley Fischer, 1977, "Long-Term Contracts, Rational Expectations, and the Optimal Money Supply Rule," *Journal of Political Economy* 85, no. 1 (Feb) pp. 191-205.
- 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.
- Modigliani, F., 1986, "Life Cycle, Individual Thrift, and the Wealth of Nations" *American Economic Review*, June, 297-313
- Plosser C. I., "Understanding Real Business Cycles " *The Journal of Economic Perspectives*, Vol. 3, N 3, Summer 1989.
- 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