

Economics 7650
Advanced Macroeconomic Theory I

Lectures: Tuesday-Thursday 11:30 am - 12:45 pm @ UC 385
Office: Fletcher Argue 644
Office hours: Tuesdays 9:30 am -10:30 am or by appointment.
Office phone: 204-272-1517
Email: Carlos.Yezpe@umanitoba.ca
I usually respond to e-mails within 48 working hours.

Required textbook

Chugh, Sanjay. *Modern Macroeconomics*, MIT Press, 1st edition. 2015.

The textbook may be purchased at the university bookstore or online elsewhere.

UM Bookstore website: <http://umanitoba.ca/bookstore/>

Recommended material

There is a Solutions Manual (SM) associated with the textbook that can be purchased separately.

Course Description

This course serves as an advanced introduction to modern macroeconomic theory. Topics covered include: Inter-temporal Consumption framework, optimal monetary policy, optimal fiscal policy, monopolistic competition, nominal rigidities and the New Keynesian framework, and search and unemployment.

Course Objectives

Students in this course are expected to:

1. Analyze macroeconomic phenomena using the representative agent (consumer, firm) paradigm of modern macroeconomics.
2. Analyze the impact of market imperfections and/or frictions on aggregate economic outcomes.
3. Examine the role of the optimal policy (fiscal and monetary) in macroeconomic stabilization.
4. Discuss and present research articles at the frontier of macroeconomics.

Prerequisites:

This course is aimed at graduate students in economics. All other students should contact me before enrolling in this course. Students are expected to have completed Econ 6040 (Survey of Mathematical Topics for Economists).

Course Website

The course website contains the syllabus, supplementary material, updates, announcements, etc. Students are expected to visit the course webpage (*UM Learn*) on a regular (weekly) basis throughout the semester.

Coursework and Grading

<u>Course Requirement</u>	<u>Weight</u>
Midterm 1	30%
Midterm 2	30%
Quiz/Test	20%
Paper review & presentation	20%

The due dates for the project will be announced during class. The tentative dates for the two midterms and quiz (in-class) are: **October 11th**, **November 1st**, and **December 6th**.

Paper review & presentation

This graded component has two deliverables: 1) A type-written summary and review report (2000-word), and 2) a thirty-minute in-class presentation. The topics are limited to *current research published articles* in macroeconomics and must be approved by the instructor. Students are expected to work in groups of 3 to 4 students each.

• Notes:

- Research article choices must be discussed with, and approved by the instructor by **Oct. 30th**.
- Student groups must be established along with an *approved* research article choice for presentation by **Nov. 1st**.
- Group presentations will take place in-class on: **Nov. 27th**, **Nov. 29th**, and **Dec. 4th**.
- After each presentation, the other participating groups must submit to the instructor a confidential peer-review grade of each presenting group (the overall peer-grade makes up 20% of the total '*Paper review & presentation*' grade).

Other important considerations

- The tests and quiz are not cumulative; each test and quiz covers only the material taught after the previous test.
- Class lectures are very important. I do not post lecture notes. If you miss a class it is your responsibility to obtain detailed and reliable notes from someone else.
- Problem sets will be assigned throughout the term. You are not required to submit the answers to the problem sets as these do not count toward your grade. However it is very important that you do your best to solve the problem sets and class exercises on your own as you may face similar (but not the same) problems in the tests and quiz.
- Students are expected to be prepared and participate in-class. Students may be asked by the instructor to solve and discuss the problem sets during class (on due dates).
- There is no final examination for this course.

- Students will not be permitted to write make-up tests or a quiz except for **documented** medical or compassionate reasons. Anyone who must miss a test or a quiz should notify the instructor immediately and prior the test/quiz and provide the necessary *documentation* to justify the absence. If the student fails to provide such documentation, he or she will get a score of zero for the missed exam. **Note:** If a student misses the *first* midterm (only) due to a legitimate and *documented* reason, instead of writing a make-up exam, the weight of the missed exam will be re-distributed (i.e., added) to the *second* midterm.
- Students appealing term work must do so within 10 days of receiving their mark.
- Note that **November 19, 2017** is the final date for voluntary withdrawal without academic penalty.
- All final grades are subject to departmental review.

Collaboration and Academic Honesty

There is zero tolerance for plagiarism and cheating, which can lead to serious academic consequences. You should acquaint yourself with the University's policy on plagiarism, cheating, and examination impersonation as detailed in the General Academic Regulations and Policy section of the University of Manitoba Undergraduate Calendar. Note: These policies are also located in your Distance and Online Education Student Handbook or you may refer to Student Affairs at <http://www.umanitoba.ca/student>.

Any term work that has not been claimed by students will be held for 4 months from the end of the final examination period for the term in which the work was assigned. At the conclusion of this time, all unclaimed work will become property of the Faculty of Arts and be destroyed according to FIPPA guidelines and using confidential measures of disposal.

Grading Scale

Letter grade	Percentage range	Description
A+	95 – 100	Exceptional
A	86 – 94	Excellent
B+	80 – 85	Very good
B	72 – 79	Good
C+	65 – 71	Satisfactory
C	60 – 64	Adequate
D	50 – 59	Marginal
F	less than 50	Failure

Course Outline*

1. Inter-temporal Consumption Framework
2. Firms
3. Policy analysis in intertemporal framework
4. Infinite-period framework and introduction to Asset Pricing
5. Optimal Policy Analysis (flexible prices)
 - a. Monetary policy
 - b. Fiscal Policy
6. New Keynesian Framework (rigid prices)
 - a. Monopolistic Competition
 - b. Sticky Prices
 - c. Optimal Monetary policy
7. Search and Unemployment (Instructor notes, if time permits)

***Notes:** Due to time limitations some topics may be omitted.