



Department of Economics Course Outline

Course:	Economics 759 [Advanced Macroeconomics Theory]	Term:	Winter 2008
Time:	MW 10:00 – 11:15	Section:	01
Instructor:	Dr. J. A. Smulders	Place:	SS 423 (subject to change)
Office:	SS 438	Telephone:	220-4094
Office Hours:	TBA	E-mail:	smulders@ucalgary.ca

Textbook:

- Aghion, P. and P. Howitt (1998). “Endogenous growth theory” MIT press. [we will cover about 5 chapters from the book]

Book(s) on Reserve

- Aghion, P. and P. Howitt (1998). “Endogenous growth theory” MIT press.
- Barro, R. and X. Sala-i_Martin (2003). “Economic Growth” 2nd edition. MIT press.
- Woodford, M. (2003). “Interest and Prices.” Princeton University Press.

Course objective:

Understanding differences in income levels and growth rates. We will study the main models of economic growth and the main New-Keynesian model of fluctuations. We will use them to try to understand empirical regularities and puzzles with respect to cross-country differences in growth rates and per capita income levels. A recurring theme will be the role of monopolistic competition for both growth and fluctuations.

Course outline

1. Convergence in international per capita income levels
Implications from the Solow model and AK model, stylized facts, growth accounting, the convergence debate.

2. R&D-based growth

Monopolistic competition, variety expansion model, quality ladder model, non-scale models.

3. Spillovers and creative destruction

Neo-Schumpeterian models, market structure, competition and growth.

4. International spillovers and catch-up

Technology transfer, international trade and growth.

5. Human capital

Lucas model, Nelson-Phelps approach, reverse causality, social capital

6. Socioeconomics and growth

Status-seeking and wealth accumulation. Does growth affect happiness? Income distribution.

7. Skill-bias and directed technological change

Wage inequality, biased technological change, general purpose technologies, productivity revolution.

8. The medium run: fluctuations and growth

A stochastic growth model.

9. The short run: real wage rigidity

The New-Keynesian model of fluctuations and monopolistic competition.

10. The very long run: institutions and growth

The political economy of hold-up and commitment problems.

Grade Determination and Final Examination Details:

All students must comply with the regulations published in the University Calendar concerning “Intellectual Honesty,” “Examinations,” etc. Students will normally be evaluated in accordance with the marking scheme given below:

Assignments:	30%
Midterm Examination:	30%
Final Examination:	40%

All assignments must be handed in by all individuals in class, including anyone who is auditing or just sitting in for fun. In addition, please note: a passing grade on the assignments is a necessary condition for passing the course (i.e. obtaining a grade above F).

Assignments are marked on a numerical (percentage) basis, then converted to letter grades. The course grade is then calculated using the weights indicated above. As a guide to determining standing, these letter grade equivalences will generally apply:

A+	95-100	B	74-76	C-	60-63
A	87 - 94	B-	70-73	D+	56-59
A-	82-86	C+	67-69	D	50-55
B+	77-81	C	64-66	F	<50

If, for some reason, the distribution of grades determined using the aforementioned conversion chart appears to be abnormal the instructor reserves the right to change the grade conversion chart if the instructor, *at the instructor's discretion*, feels it is necessary to more fairly represent student achievement.

Non-programmable calculators WILL NOT be allowed during the writing of tests or final examinations.

The final examination will be scheduled by the department and held in a classroom. The final exam will last 3 hours.

Notes:

- Students seeking reappraisal of a piece of graded term work (term paper, essay, etc.) should discuss their work with the Instructor within *fifteen* days of the work being returned to the class.
- It is the student's responsibility to request academic accommodations. If you are a student with a documented disability who may require academic accommodation and have not registered with the Disability Resource Centre, please contact their office at 220-8237. Students who have not registered with the Disability Resource Centre are not eligible for formal academic accommodation. You are also required to discuss your needs with your instructor no later than fourteen (14) days after the start of this course.

Safewalk / Campus Security: 220-5333
