

**THE UNIVERSITY OF PRINCE EDWARD ISLAND**  
**DEPARTMENT OF ECONOMICS**  
**ECONOMICS 404**  
**Advanced Macroeconomics**  
**Spring 2014**

*Please Sign and Date the outline at the end to acknowledge that you have read and understood everything specified here.*

Course Instructor: George Jia  
Class Room and Time: HSB 106, Tuesday & Thursday 14:30-15:45 pm  
Office: HSB 106  
Tel: 566-0566 (Office)  
E-mail: yjia@upeil.ca  
Office Hour: Tuesday 13:30- 14:00, Wednesday 14:00-15:30

## **Important**

It is strongly suggested that the students with a weaker mathematical background to take Economics 306 (or at least first) instead of this course. In particular, I assume students taking the course have already acquired the skills of taking partial derivatives, integrations and are able to tackle common optimization problems. Students will take sole responsibility if bad grades are given due to the lack of appropriate mathematical knowledge.

## **General Information**

The first part of this course explores theoretical developments in the analysis of economic growth and introduces current debates on evidence and policy relevant to the growth performance of both developed and developing economies. The theoretical material will be reinforced by exercises that require students to understand and interpret the mathematics and economics of the growth models.

The second part of the this course explores models of business cycle and monetary economics, with an emphasis on the debate between Monetarist and New Classical economists concerning the effectiveness of macroeconomic policy to affect unemployment and inflation rates.

An objective of this course is to further your ability to apply your knowledge of economics (particularly macroeconomics theory) to analyze economic questions. Additionally, the course is intended to encourage you to develop the ability to clearly and concisely communicate your analysis to others.

## **Required Text and Outline**

The required text for this course is: *Jones, Charles I. and Vollrach, Dietrich. Introduction To Economic Growth*, 3rd edition, W. W. NORTON. Topics covered

will somewhat follow the above text.<sup>1</sup>

The recommended text for this course is ***Williamson, Stephen D. Macroeconomics, 4th Canadian edition, Addison Wesley.***

1. Introduction: the facts of economic growth [Ch 1]
2. The Solow model [Ch 2]
  - The basic model
  - Technology and the Solow model
  - Evaluating the Solow model
  - Growth accounting
3. Empirical application of Solow model [Ch 3]
4. The economics of ideas [Ch 4]
5. The engine of growth [Ch 5]
  - The basic elements of the Romer model
  - The Economics of the Romer model
  - Creative destruction
  - Schumpeterian growth
  - Optimal R&D
6. A Monetary Intertemporal Model
7. Market Clearing Models of Business Cycle

## Course Evaluation

Evaluation consists of three take-home assignments, two in-class midterms and one final exam (cumulative). You are responsible for all material covered in the lecture, as well as the material in the assigned chapters of the text. You are strongly encouraged to read the assigned chapters in the textbook prior to the lecture at which it is to be discussed. While class attendance is not compulsory, it is to your benefit to attend the lectures.

Location and date for the final exam will be announced during lectures.

	tentative date and time	weight
Assignment 1	Thursday, February 6th	8%
Midterm 1	Thursday, February 13th	20%
Assignment 2	Thursday, March 6	8%
Midterm 2	Thursday, March 13	20%
Assignment 3	Monday, April 7th	8%
Final	April	36%

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<sup>1</sup>This is a tentative outline and content may be adjusted based on time constraints. Some material covered in class will not appear in the text, but may still appear on exams.

**Assignments:** Assignments are due in class at the end of the lecture on the due date. No late assignments will be accepted. If you are unable to attend class on a day when an assignment is due, you should make arrangements to submit the homework prior to the due date. Exceptions will be made to this rule only if you can provide documentation of unusual circumstances (i.e. illness) which prevented you from submitting the assignment on time. In such a case, you should contact your instructor within 2 working days of the due date to make alternative arrangements. Your homework score will be based upon your four highest homework grades. This means that if you fail to hand in one assignment it will not directly affect your grade.

Each student is expected to do his or her own work on assignments. Although you are encouraged to discuss the problems and their solutions with classmates, you must write up your answers independently. This means that you must type your own version of the assignments. Students who hand in identical homeworks will receive a grade of zero on the assignment.

**Exams:** The midterm and final exams will primarily consist of short answer problems. Please note that class notes, textbooks, friends or any outside aids are not allowed during the writing of the midterms. Use of any of these sources will be treated as a scholastic offence and reported to the Department Chair. The instructor will recommend a grade of zero on the midterm, but the penalty could be higher. All materials (other than pens, pencils and erasers) which you bring with you to the exam must be stored in a closed bag during the midterm exam. If you do not have a bag to put these materials in, then you must leave these materials at the front of the room while you write the exam.

The final exam will be cumulative; that is, it will cover all of the material covered during the course. However, most of the questions on the final will be based on material covered after the midterm exams. The final exam will be held during the time scheduled by the university. You are not permitted to consult classmates or other individuals when writing your final exam.

In case a student misses a midterm due to sickness or other legitimate excuse, the weight of that test may be added to the other exams only if the student submit a request for accommodation to the department.

**Questions about Grades:** If you have any questions about the grading of a homework, midterm or final exam, you may resubmit it to your instructor for re-grading. Please attach a written note detailing the problem(s) which you would like re-graded, as well as explaining why you feel the grade should be changed. The entire homework (or midterm or final) will be re-graded, so it is possible that your score may go up or down.

**Moodle:** A Moodle site has been established for this class. Copies of materials handed out in class, brief summaries of the material covered in some lectures will be posted on Moodle and the study guides for the midterm and final exams will be available for interested students to download. These materials will not be distributed in any other form.

**Electronic Devices:** The only electronic device you may use during exams is a non-graphing, non-programmable calculator. Graphing/programmable calculators, cell phones, Ipods, etc. must be kept in your bag. If you have any of these devices out during an exam

it will be taken from you and will be returned once you have handed-in the exam.

**Academic dishonesty:** Academic dishonesty are taken seriously and students are directed to read the appropriate policy, specifically, the definition of what constitutes a academic dishonesty, at the following Web site:

<http://www.upei.ca/programsandcourses/regulation-20-academic-dishonesty>

Name\_\_\_\_\_ Signature\_\_\_\_\_

Date\_\_\_\_\_