AMERICAN UNIVERSITY OF BEIRUT
FACULTY OF ARTS & SCIENCES

DEPARTMENT OF ECONOMICS
SPRING 2025-2026

Economics 327
Course Syllabus

I General Course Information

Course Number: ECON 327
Course Title: Macroeconomics
Number of Credits: 3 credits
Course Level: Graduate
Course Format: Lectures
Meeting Schedule: Tuesdays and Thursdays from 2:00 pm - 3:15 pm
Meeting Location: Nicely Hall Room 324

II Course Coordinator

Name: Nadine Yamout
Office Location: Ada Dodge Hall Room 226
Office Hours: Tuesdays and Thursdays 11:30 am - 12:30 pm or by appointment
Extension: +961 1 350000 Ext 4070
Email: ny40@aub.edu.lb

You should feel free to contact me about any academic matter. I strongly encourage you, for efficiency reasons, that you make any enquiries about the subject material at lectures, during office hours or via the online discussion forum on Moodle. Email correspondence on administrative matters will generally be answered within 24 hours.

III Course Description

This course offers a comprehensive exploration of fundamental macroeconomic concepts. Throughout the course, core macroeconomic topics such as long-term economic growth, business cycle fluctuations, unemployment, inflation, and optimal stabilization policies will be examined using formal economic models. The initial half of the course will be dedicated to the study of models of long-term economic growth and real business cycles. These models are characterized by their frictionless nature, meaning they do not inherently incorporate the impact of macroeconomic policies. Nevertheless, they serve as vital theoretical benchmarks upon which subsequent knowledge will be built. In the latter half of the course, the focus will shift to the analysis of various economic frictions. Topics covered will include nominal rigidities resulting in monetary non-neutralities, labor market frictions leading to unemployment, and financial market frictions that both amplify external shocks and generate internal sources of volatility.

IV Course Learning Outcomes

The course learning outcomes are what you will be able to do by the end of this course if you participate fully in learning activities and successfully complete the assessment items. Upon the successful completion of this course, you will be able to:

- CLO1. Demonstrate ability to use the main models in macroeconomics for understanding long-run growth, business cycles, consumption, investment, and unemployment;
- CLO2. Analyse dynamic macroeconomic models for their strengths and weaknesses, as well as how they relate to each other;
- CLO3. Apply models to examine ongoing changes in the world economy and to evaluate and think critically about policy initiatives designed to address macroeconomic challenges in society;
- CLO4. Analyse monetary and fiscal policy decisions based on models and empirical evidence;
- CLO5. Demonstrate ability to read and reflect upon academic papers to keep abreast of recent developments in macroeconomic literature.

V Program Learning Outcomes Addressed

The course addresses the following program learning outcomes:

- PLO2. Develop a deep understanding of core economic concepts, theories, and research findings across diverse areas of economic study.
- PLO3. Communicate complex economic ideas and research findings effectively through clear, detailed, and well-structured oral presentations meeting the rigorous standards of the economics discipline.
- PLO4. Craft clear, detailed, and well-structured research papers and reports adhering to the rigorous standards of the economics discipline.

VI Course Resources and References

The website for this course is on AUB Moodle at: https://lms.aub.edu.lb/

The textbook for this course is *Advanced Macroeconomics*, by David Romer ISBN $978 - 1260185218$. You may use either the 4th or 5th edition. (DR)

The course will also draw on various journal articles and working papers. I will post copies of these articles and all other course material on Moodle.

The Solow Growth Model

- Dimand, R. W., & Spencer, B. J. (2009). Trevor Swan and the Neoclassical Growth Model. History of Political Economy, 41, 107-126.
- Pritchett, Lant. (1997). Divergence, Big Time. Journal of Economic Perspectives 11 (3):3-17.
- Baumol, W. J. (1986). Productivity Growth, Convergence, and Welfare: What the Long-run Data Show. The American Economic Review, 1072-1085.

The Ramsey Model

- Attanasio, O. P., & Ramsey, F. P. (2015). Frank Ramsey's A Mathematical Theory of Saving. The Economic Journal, 125(583), 269-294.
- Duarte, P. G. (2009). The Growing of Ramsey's Growth Model. History of Political Economy, 41, 161-181.
- Barro, R. J., Mankiw, N. G., & Sala-i-Martin, X. (1995). Capital Mobility in Neoclassical Models of Growth. The American Economic Review, 103-115.

Endogenous Growth

- Jones, C. I. (2019). Paul Romer: Ideas, Nonrivalry, and Endogenous Growth. The Scandinavian Journal of Economics, 121(3), 859-883.
- Romer, P. M. (1994). The Origins of Endogenous Growth. Journal of Economic perspectives, 8(1), 3-22.
- Arrow, K. J. (1962). The Economic Implications of Learning by Doing. Review of Economic Studies, 29 (June), 155 173.

The Romer Model

- Pack, H. (1994). Endogenous Growth Theory: Intellectual Appeal and Empirical Shortcomings. Journal of economic perspectives, 8(1), 55-72.
- Jones, C. I. (1997). Population and Ideas: A Theory of Endogenous Growth. NBER working paper 6285
- Hall, R. E., & Jones, C. I. (1999). Why Do Some Countries Produce So Much More Output Per Worker Than Others?. The quarterly journal of economics, 114(1), 83-116.

Real Business Cycle Theory

- Eichenbaum, M., & Singleton, K. J. (1986). Do Equilibrium Real Business Cycle Theories Explain Postwar US Business Cycles?. NBER macroeconomics annual, 1, 91-135.
- Gali, J., & Rabanal, P. (2004). Technology Shocks and Aggregate Fluctuations: How Well Does the Real Business Cycle Model Fit Postwar US Data?. NBER macroeconomics annual, 19, 225-288.
- Rebelo, S. (2005). Real Business Cycle Models: Past, Present, and Future. NBER Working Paper 11401

Nominal Rigidity

- Lucas, R. E. (1973). Some International Evidence on Output-Inflation Tradeoffs. The American economic review, 326-334.
- Ball, L., Mankiw, N. G., Romer, D. (1988). The New Keynesian Economics and the Output-Inflation Trade-off. Brookings papers on economic activity, 1988(1), 1-82.
- Ball, L., & Romer, D. (1990). Real Rigidities and the Non-Neutrality of Money. The Review of Economic Studies, 57(2), 183-203.

New-Keynesian DSGE Model

- DeLong, J. B. (1997). America's Peacetime Inflation: The 1970s. NBER Chapters, 247-280.
- Smets, F., & Wouters, R. (2007). Shocks and Frictions in US Business Cycles: A Bayesian DSGE Approach. American economic review, 97(3), 586-606.
- Gertler, M., & Karadi, P. (2011). A Model of Unconventional Monetary Policy. Journal of monetary Economics, 58(1), 17-34.

Monetary Policy

- Yellen, J. L., & Akerlof, G. A. (2006). Stabilization Policy: A Reconsideration . Economic Inquiry, 44(1), 1-22.
- Clarida, R., Gali, J., & Gertler, M. (2000). Monetary Policy Rules and Macroeconomic Stability: Evidence and Some Theory. The Quarterly Journal of Economics, 115(1), 147-180.

Time Inconsistency and Fiscal Policy

- Fischer, S. (1990). Rules versus Discretion in Monetary Policy. Handbook of monetary economics, 2, 1155-1184.
- Rogoff, K. (1992). Can International Monetary Policy Cooperation be Counterproductive?. In International Economic Policies and their Theoretical Foundations (pp. 874-892). Academic Press.
- Bernheim, B. D. (1987). Ricardian Equivalence: An Evaluation of Theory and Evidence. NBER macroeconomics annual, 2, 263-304.

Consumption Behavior

- Hall, R. E. (1978). Stochastic Implications of the Life Cycle-Permanent Income Hypothesis: Theory and Evidence. Journal of political economy, 86(6), 971-987.
- Campbell, J. Y. (1987). Does Saving Anticipate Declining Labor Income? An Alternative Test of the Permanent Income Hypothesis. Econometrica, 55(6), 1249-1273.
- Carroll, C. D. (1997). Buffer-Stock Saving and the Life Cycle/Permanent Income Hypothesis. The Quarterly journal of economics, 112(1), 1-55.

Unemployment and Labor Markets

- Yellen, J. L. (1984). Efficiency Wage Models of Unemployment. The American Economic Review, 74(2), 200-205.
- Yashiv, E. (2007). Labor Search and Matching in Macroeconomics. European Economic Review, 51(8), 1859-1895.

Investment and Financial Markets

- Bernanke, B. S., Gertler, M., & Gilchrist, S. (1999). The Financial Accelerator in a Quantitative Business Cycle Framework. Handbook of macroeconomics, 1, 1341-1393.
- Fazzari, S., Hubbard, R. G., & Petersen, B. C. (1987). Financing Constraints and Corporate Investment. NBER Woking Paper 2387

VII Course Outline

Week	Date	Topic	Learning Activities	Alignment with CLOs
1	Tues. 13/01/2026 Thurs. 15/01/2026	The Solow Growth Model		CLO1, CLO2
2	Tues. 20/01/2026 Thurs. 22/01/2026	The Ramsey Model		CLO1, CLO2
3	Tues. 27/01/2026 Thurs. 29/01/2026	Endogenous Growth		CLO1, CLO2
4	Tues. 03/02/2026 Thurs. 05/02/2026	The Romer Model, Growth Empirics		CLO1, CLO2, CLO3
5	Tues. 10/02/2026 Thurs. 12/02/2026	The Real Business Cycle Theory	Assignment 1	CLO1, CLO2, CLO3
6	Tues. 17/02/2026 Thurs. 19/02/2026	Nominal Rigidity		CLO1, CLO2, CLO3
7	Tues. 24/02/2026 Thurs. 26/02/2026	Midterm Exam	75 minutes exam	CLO1, CLO2, CLO3
8	Tues. 03/03/2026 Thurs. 05/03/2026	New-Keynesian DSGE Model		CLO1, CLO2, CLO4
9	Tues. 10/03/2026 Thurs. 12/03/2026	Monetary Policy		CLO1, CLO2, CLO4
10	Tues. 17/03/2026 Thurs. 19/03/2026	Time Inconsistency, Fiscal Policy		CLO1, CLO2, CLO4
11	Tues. 24/03/2026 Thurs. 26/03/2026	Consumption Behavior	Assignment 2	CLO1, CLO2, CLO3
12	Tues. 31/03/2026 Thurs. 02/04/2026	Unemployment and Labor Markets		CLO1, CLO2, CLO3
13	Tues. 07/04/2026 Thurs. 09/04/2026			
14	Tues. 14/04/2026 Thurs. 16/04/2026	Investment and Financial Markets		CLO1, CLO2, CLO4
15	Tues. 21/04/2026 Thurs. 23/04/2026	Project Presentations	Project Presentations	CLO3, CLO4, CLO5
16	Tues. 28/04/2026 Thurs. 30/04/2026	Project Presentations	Project Presentations	CLO3, CLO4, CLO5

Learning and Teaching Approach

The examinable content of the course is defined by the references given in the course schedule and the content of lectures and tutorials.

Lectures:
Our textbook is *Advanced Macroeconomics*, by David Romer. We shall cover one or two topics each week (see details below), and complement the material with some examples and applications in class. You are expected to read the relevant sections of the textbook before the lecture.

Tutorial Questions:
Each week I will post some tutorial questions that review and build-on the lecture material. These are available to you for self-study and are intended to provide applications and examples of economic concepts and models introduced in the lectures. I will post the solutions to these tutorial questions a week after. Ideally, you should attempt the tutorial questions before the solutions become available and raise any issues or problems that you might have through the online discussion forum on Moodle.

Out-of-Class Study:
While you may have preferred individual learning strategies, it is important to note that most learning will be achieved outside of class time. Lectures can only provide a structure to assist your study as the lecture time is limited. An "ideal" strategy (on which the provision of the course materials is based) might include:

- reading of the relevant chapter(s) of the textbook before the lecture. This will give you a general idea of the topic area.
- attendance at lectures. Here the context of the topic in the course and the important elements of the topic are identified. The relevance of the topic is also explained.
- organizing study groups to review material and solve tutorial problems.

VIII Grading Criteria

Type of Evaluation	**Percentage**	**Length**	**Due Date**
Assignments ($\times 2$)	10%	$\sim$ 500 words	Multiple weeks (refer to course schedule)
Replication Project	20%	30 minutes	Weeks 14 and 15 (refer to course schedule)
Midterm Exam	30%	75 minutes	Thursday, 26 February 2026
Final Exam	40%	120 minutes	University exam period

Assignments:
There will be two assignment consisting of analytical questions each worth 5% of your final course grade. The first assignment will be due on Tuesday 10 February 2026 while the second assignment is due on Tuesday 24 March 2026. You are encouraged to work in small groups to complete the assignments and to submit the assignment as a group. All members of the group will be given the same mark. No more than two students may submit an assignment as a group. Of course, you may choose not to work in a group and submit an assignment on your own. No two groups may hand in the same assignment. Assignments must be submitted in electronic format by one group member via the Moodle assignment submission tool. You will be required to submit these assignments in electronic form by 11:59 pm on the due date.

Replication Project:
There will be one individual research project worth 20% of your final course grade. Each student will select one published paper in macroeconomics, replicate its main results, and modify one element (e.g., a parameter, dataset, assumption, or extension) to assess how the results change. The project consists of a 4,000-word report, a referee report, and a 30-minute presentation in Weeks 14 and 15. Written reports will be due on 14 April 2026 and the in-class presentations will follow.

Midterm Exam:
A 75 minutes midterm exam is scheduled for Thursday 26 February 2026 (Week 7) during class time. The exam is worth 30% of your final course grade and will cover material from Weeks 1-5. Anything covered in the

lectures, tutorial questions and assignments is examinable.

Final Exam:
A 120 minutes final exam is scheduled during the university exam period. The exam is worth 40% of your final course grade and will cover material from the whole course, although focusing mostly on material since the midterm exam. Anything covered in the lectures, tutorial questions and assignments is examinable.

IX Course Policies

Attendance Policy
Attendance is expected for all lectures and absences should be kept to a minimum. Students who miss more than one-fifth of the sessions of any course prior to the withdrawal deadline can be withdrawn from the course by the instructor.

You are highly encouraged to attend the lectures and participate in discussions in class. You must be present during specific lectures for the project presentations.

Credit Hour Policy
This course follows AUB Credit Hour Policy for three-credit courses. This course meets twice weekly for 3 academic hours per week.

Final Examination
Please note that students are expected to be on-campus and available to take a final examination for any of their courses at anytime during the final examination period. For the current term, the final examination period runs between 04/05/2026 and 16/05/2026. Students and professors will be notified of the final examination schedule being posted on the Office of the Registrar website as soon as feasible after the change of schedule period (drop and add).

Makeup Policy
If you experience short-term circumstances beyond your control, such as illness, injury or misadventure which do not enable you to sit for the exams please let me know. You would need to present a valid medical excuse from AUBMC or the AUB infirmary. Any other excuse is NOT valid. If no valid excuse is presented, you will receive a grade of zero on the missed exam.
Note that there will be no makeup midterm exam. If you miss the midterm exam AND have a valid excuse, the final course grade will be based on your grades in the assignments, project presentation and final exam.

Group Work
I strongly recommend that students form study groups with other people. One of the main reasons why I included the assignments as part of the course assessments is precisely the fact that you get to work on economics problems with other people, you discuss with them, and learn from the intuition of others.

Policy on Personal Computers/Tablet:
You are welcome to bring your own laptop or tablet to class. The use of such devices should be restricted to taking notes and to course-related activities.

Use of AI in the Course:
In this course, the use of generative artificial intelligence (GenAI) tools, such as ChatGPT, Copilot, Gemini, and similar technologies, is strictly prohibited for any course-related work. All course assignments, projects, and assessments have been designed to ensure that you personally develop and demonstrate the knowledge and skills associated with the course learning outcomes. The submitted course activities must represent your own

independent thinking, analysis, and engagement with the course material.

Any use of GenAI tools, whether partial or extensive, will be considered an act of plagiarism and a violation of the AUB Student Code of Conduct. Such violations undermine the integrity of the learning process and the fairness of academic evaluation. It is the your responsibility to understand and adhere with this policy to ensure that your work authentically reflects your effort, skills, and academic growth. Please note that expectations regarding GenAI use may vary across AUB courses, and it is your responsibility to conform to the expectations of each course.

X University Rules and Regulations:

General Academic Information

- Graduate Academic Information

University - Course Withdrawal Policy
A student can withdraw from only one required course per semester. Students who wish to withdraw from more than one required course in any given semester must petition the appropriate faculty committee for permission to do so.

Check Withdrawal Information from graduate catalogue.

Academic Integrity (cheating and plagiarism)
Please refer to AUB Student Code of Conduct, in particular section 1.1, which concerns academic misconduct including cheating, plagiarism, in-class disruption, and dishonesty. Please be aware that misconduct is vigorously prosecuted and that AUB has a zero tolerance policy. Course policy is that credible evidence of cheating will result in course failure.

Accessibility Statement to Acknowledge the Unique Learning Needs of Students with Disabilities
AUB strives to make learning experiences as accessible as possible. If you anticipate or experience academic barriers due to a diagnosed disability (including learning disability, mental health, chronic or temporary medical conditions), please contact the Accessible Education Office as soon as possible in order to help establish reasonable accommodations and facilitate a smooth learning process: accessibility@aub.edu.lb; +961-1-350000, x3151; West Hall, 338.

Non-Discrimination and Title IX Statement
In line with its commitment to the principle of equal opportunity in education and employment, AUB policies protect you from discrimination on the basis of protected characteristics, including discriminatory harassment and sexual harassment. Protected characteristics include: race, color, religion, age, national or ethnic identity, sex, gender or gender identity, sexual orientation, pregnancy, marital status, disability, genetic predisposition or carrier status, alienage or citizenship status, and political affiliation.

The policies are applicable to all the AUB Community including: officers, faculty, staff, academic appointees, students (including medical interns and residents), visiting students, alumni, trainees, visitors, contractors, subcontractors, suppliers, located on campus and at AUB Medical Center, Advancing Research Enabling Communities Center (AREC), or any other facility or program affiliated with the University. The AUB community also includes the dependents and domestic employees of faculty and staff dwelling on campus and at AREC.

If you think you have experienced discrimination, discriminatory harassment, or sexual harassment, we encourage you to inform the Equity/Title IX Coordinator, Mitra Tauk at 01-350000 ext. 2514, titleix@aub.edu.lb, report to a Title IX deputy at your faculty or at any other faculty (www.aub.edu.lb/titleix), or report online (www.aub.ethicspoint.com). Reports may be submitted anonymously or not. Please know that the University will maintain the confidentiality of the complaint and privacy of the persons involved to the greatest extent possible, consistent with its goal of conducting a thorough and complete investigation and to the extent permitted by law.

You need to also know that the University has designated academic and administrative department/unit heads, managerial level staff, academic advisors, protection officers, and residence hall staff/monitors, as responsible employees or mandatory reporters, and may designate others at its discretion. These individuals are obligated to report actual or suspected discrimination or discriminatory harassing conduct to the Equity/Title IX Coordinator, unless they are a confidential resource. The following have been designated as confidential resources: on campus counselors in the Counseling Center of the Office of Student Affairs and AUB Medical Center counselors, and healthcare providers at the University Health Services (UHS) and at the AUB Medical Center. Confidential resources are not required to report actual or suspected discrimination or harassment to appropriate university officials, except in cases of suspected abuse of a minor, in the event of an external investigation or prosecution, or in the event of imminent danger to the reporting party or others.

XI AUB Grading System

https://www.aub.edu.lb/Registrar/Pages/academic-information.aspx

Numeric Course Grade to Letter Course Grade

Starting with Numeric Course Grade /100	Corresponding Course Letter Grade
< 60	F
60	D
61-62	D+
63-65	C−
66-68	C
69-71	C+
72-74	B−
75-78	B
79-82	B+
83-86	A−
87-92	A
93-100	A+

Grade Conversion Chart

Course Letter Grade	Quality Points
A+	4.3
A	4.0
A−	3.7
B+	3.3
B	3.0
B−	2.7
C+	2.3
C	2.0
C−	1.7
D+	1.3
D	1.0
F	0.0

Note: The GPA at AUB is capped at 4.0

I	P	PR	W	NP
Incomplete	Pass	In Progress	Withdraw	No Pass

Course Schedule

Week	Date	Topic	Readings	Assessments	Tutorials
1	Tues. 13/01/2026	The Solow Growth Model	DR, Ch. 1		T1 Qs posted
	Thurs. 15/01/2026				
2	Tues. 20/01/2026	The Ramsey Model	DR, Ch. 2.1 – 2.7		T1 As posted, T2 Qs posted
	Thurs. 22/01/2026				
3	Tues. 27/01/2026	Endogenous Growth	DR, Ch. 3.1 – 3.4	Assignment 1 posted	T2 As posted, T3 Qs posted
	Thurs. 29/01/2026				
4	Tues. 03/02/2026	The Romer Model, Growth Empirics	DR, Ch. 3.5 – 3.7		T3 As posted, T4 Qs posted
	Thurs. 05/02/2026		DR, Ch. 4		
5	Tues. 10/02/2026	Real Business Cycle Theory	DR, Ch. 5	Assignment 1 due	T4 As posted, T5 Qs posted
	Thurs. 12/02/2026				
6	Tues. 17/02/2026	Nominal Rigidity	DR, Ch. 6.5 – 6.10		T5 As posted, T6 Qs posted
	Thurs. 19/02/2026				
7	Tues. 24/02/2026	Revision and Q&A for Midterm Exam			
	Thurs. 26/02/2026	Midterm Exam		75 minutes exam	
8	Tues. 03/03/2026	New-Keynesian DSGE Model	DR, Ch. 7		T6 As posted, T7 Qs posted
	Thurs. 05/03/2026				
9	Tues. 10/03/2026	Monetary Policy	DR, Ch. 12.1 – 12.6	Assignment 2 posted	T7 As posted, T8 Qs posted
	Thurs. 12/03/2026				
10	Tues. 17/03/2026	Time Inconsistency, Fiscal Policy	DR, Ch. 12.8 – 12.9		T8 As posted, T9 Qs posted
	Thurs. 19/03/2026				

Week	**Date**	**Topic**	**Readings**	**Assessments**	**Tutorials**
11	Tues. 24/03/2026	Consumption Behavior	DR, Ch. 8	Assignment 2 due	T9 As posted, T10 Qs posted
	Thurs. 26/03/2026				
12	Tues. 31/03/2026	Unemployment and Labor Markets	DR, Ch. 11.4-11.5		T10 As posted, T11 Qs posted
	Thurs. 02/04/2026				
13	Tues. 07/04/2026				
	Thurs. 09/04/2026				
14	Tues. 14/04/2026	Investment and Financial Markets	DR, Ch. 9.1 – 9.6		T11 As posted, T12 Qs posted
	Thurs. 16/04/2026	Project Presentations		In-class presentations	
15	Tues. 21/04/2026	Project Presentations		In-class presentations	T12 As posted
	Thurs. 23/04/2026	Project Presentations		In-class presentations	
16	Tues. 28/04/2026	Project Presentations		In-class presentations	
	Thurs. 30/04/2026				
Reading Period	30/04/2026 - 04/05/2026				
Exam Period	05/05/2026 - 16/05/2026	Final exam		120 minutes exam	