COURSE OBJECTIVES AND PREREQUISITES

This course covers most of the core topics in macroeconomics, including: national income accounting, growth theory, business cycles, theories of inflation and unemployment, and the effects of monetary and fiscal policies. Both Keynesian and Classical approaches to business cycles will be discussed. The course will also discuss theories of exchange rate determination and explore the effects of international capital flows and trade imbalances.

The only prerequisites for the course are previous courses in introductory microeconomics and macroeconomics (Econ 103 and 105) and a calculus course (Econ 157 or equivalent). Although calculus will not be heavily used, much of the material is analytical in nature, and students should feel comfortable manipulating graphs and simple algebraic equations.

COURSE STRUCTURE

Roughly speaking, the course is divided into three main parts. The first part focuses on economic growth, the second part focuses on business cycles, and the third part focuses on macroeconomic policy. The hope is that the theory you learn in the first two parts will help provide better answers to the policy questions discussed in the third part.

COURSE EVALUATION

<table>
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<tr>
<th>Weight in Grade</th>
<th>Problem Sets</th>
<th>Midterm exam (Monday, October 20)</th>
<th>Final exam (Sunday, December 7)</th>
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The best way to learn macroeconomics is to do it. Therefore, an important part of this course are the section meetings and problem sets. There are two TAs for the course: Zelalem Addis (zaa3@sfu.ca) and Sha Li (sla113@sfu.ca). The problem sets are available as PDF files on the class webpage (at www.sfu.ca/~kkasa/).

COURSE MATERIALS

There is one required book for this course: *Macroeconomics*, by Andrew Abel, Ben Bernanke and Ronald Kneebone (5th Canadian Edition, 2009) published by Addison-Wesley. There are also a few journal articles and supplementary notes that will be available for download on the course webpage.

The text is available at the campus bookstore and on reserve at the library.
COURSE OUTLINE AND READINGS

I. BACKGROUND AND OVERVIEW

Sept. 3  –  Introduction and Overview  
Abel-Bernanke-Kneebone, Chapter 1

Sept. 8  –  National Income Accounting  
Abel-Bernanke-Kneebone, Chapter 2

II. ECONOMIC GROWTH

Sept. 10  –  Production Functions and the Demand for Labor  
Abel-Bernanke-Kneebone, Chapter 3 (pgs. 54-71)

Sept. 15  –  Labor Supply and Labor Market Equilibrium  
Abel-Bernanke-Kneebone, Chapter 3 (pgs. 71-94)

Sept. 17  –  Consumption and Saving  
Abel-Bernanke-Kneebone, Chapter 4 (pgs. 104-119)

Sept. 22  –  Investment and Goods Market Equilibrium  
Abel-Bernanke-Kneebone, Chapter 4 (pgs. 120-137)

Sept. 24  –  Saving and Investment in Open Economies  
Abel-Bernanke-Kneebone, Chapter 5

Sept. 29  –  Growth Accounting and the Solow Growth Model  
Abel-Bernanke-Kneebone, Chapter 6 (pgs. 180-197)  
Problem Set 1 due in class

Oct. 1  –  Evaluating the Solow Growth Model  
Abel-Bernanke-Kneebone, Chapter 6 (pgs. 197-206)

Oct. 6  –  Endogenous Growth  
Abel-Bernanke-Kneebone, Chapter 6 (pgs. 207-216)

Oct. 8  –  Money  
Abel-Bernanke-Kneebone, Chapter 7 (pgs. 223-238)

Oct. 13  –  Thanksgiving Holiday (no class)

Oct. 15  –  Asset Market Equilibrium  
Abel-Bernanke-Kneebone, Chapter 7 (pgs. 238-247)  
Problem Set 2 due in class

Oct. 20  –  Midterm Exam (Closed Book)
III. BUSINESS CYCLES

Oct. 22  –  Measuring Business Cycles
Abel-Bernanke-Kneebone, Chapter 8

Oct. 27  –  The Keynesian IS-LM Model
Abel-Bernanke-Kneebone, Chapter 9 (pgs. 281-295)

Oct. 29  –  The Mechanics of the IS-LM Model
Abel-Bernanke-Kneebone, Chapter 9 (pgs. 296-315)

Nov. 3   –  Exchange Rates
Abel-Bernanke-Kneebone, Chapter 10 (pgs. 332-351)

Nov. 5   –  IS-LM in Open Economies: The Mundell-Fleming Model
Abel-Bernanke-Kneebone, Chapter 10 (pgs. 351-380)

Nov. 10  –  Real Business Cycle Models
Abel-Bernanke-Kneebone, Chapter 11 (pgs. 393-411)
Problem Set 3 due in class

Nov. 12  –  Extensions of Real Business Cycle Models
Abel-Bernanke-Kneebone, Chapter 11 (pgs. 411-425)

Nov. 17  –  Theories of Wage and Price Rigidity
Abel-Bernanke-Kneebone, Chapter 12

IV. MACROECONOMIC POLICY

Nov. 19  –  The Phillips Curve
Abel-Bernanke-Kneebone, Chapter 13

Nov. 24  –  Monetary Policy
Abel-Bernanke-Kneebone, Chapter 14 (pgs. 519-539)

Nov. 26  –  Rules vs. Discretion
Abel-Bernanke-Kneebone, Chapter 14 (pgs. 539-554)

Dec. 1   –  Fiscal Policy
Abel-Bernanke-Kneebone, Chapter 15
Problem Set 4 due in class

December 7  –  FINAL EXAM (Closed Book)