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>
<thead>
<tr>
<th>Weight in Grade</th>
<th>Problem Sets</th>
<th>20%</th>
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<tbody>
<tr>
<td>Midterm exam (Friday, February 13)</td>
<td>–</td>
<td>40%</td>
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<tr>
<td>Final exam (Wednesday, April 8)</td>
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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 Sophie Wang (xuefeiw@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 Stephen Williamson (2nd Canadian Edition, 2007) 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

Jan. 7  –  Introduction and Overview
Williamson, Chapter 1

Jan. 9  –  National Income Accounting
Williamson, Chapter 2

II. A STATIC (ONE-PERIOD) MODEL OF THE ECONOMY

Jan. 14  –  Labor Supply
Williamson, Chapter 4 (pgs. 81-103)

Jan. 16  –  Labor Demand
Williamson, Chapter 4 (pgs. 103-115)

Jan. 21  –  Competitive Equilibrium and Comparative Statics
Williamson, Chapter 5

III. ECONOMIC GROWTH

Jan. 23  –  Growth Facts and the Malthusian Model
Williamson, Chapter 6 (pgs. 149-166)

Jan. 28  –  The Solow Growth Model
Williamson, Chapter 6 (pgs. 166-187)

Jan. 30  –  Extensions of the Solow Growth Model
Class Notes
Problem Set 1 due in class

Feb. 4  –  Endogenous Growth
Williamson, Chapter 7

IV. A DYNAMIC (TWO-PERIOD) MODEL OF THE ECONOMY

Feb. 6  –  Consumption and Saving
Williamson, Chapter 8

Feb. 11  –  Investment
Williamson, Chapter 9
Problem Set 2 due in class

Feb. 13  –  Midterm Exam (Closed Book)
V. MONEY AND BUSINESS CYCLES

Feb. 18 – Money and Inflation
   Williamson, Chapter 10

Feb. 20 – Measuring Business Cycles
   Williamson, Chapter 3

Feb. 25 – Market-Clearing Business Cycle Models
   Williamson, Chapter 11

Feb. 27 – Keynesian Business Cycle Models
   Williamson, Chapter 12

VI. OPEN-ECONOMY MACROECONOMICS

March 4 – International Trade and Capital Flows
   Williamson, Chapter 13

March 6 – Money and Exchange Rates with Flexible Prices
   Williamson, Chapter 14 (pgs. 444-469)

March 11 – IS-LM in Open Economies: The Mundell-Fleming Model
   Williamson, Chapter 14 (pgs. 469-479)

VII. FINANCIAL MARKETS, UNEMPLOYMENT, AND MACROECONOMIC POLICY

March 13 – Money and Financial Intermediation
   Williamson, Chapter 15
   Problem Set 3 due in class

March 18 – Discussion of the Recent Financial Crisis
   Class Notes

March 20 – Search and Unemployment
   Williamson, Chapter 16

March 25 – The Phillips Curve
   Williamson, Chapter 17

March 27 – Monetary Policy
   Friedman (1968), “The Role of Monetary Policy” (webpage)

April 1 – Rules vs. Discretion
   Class Notes

April 3 – Review
   Problem Set 4 due in class

April 8 – FINAL EXAM (Closed Book)