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>
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<th>Weight in Grade</th>
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<tbody>
<tr>
<td>Problem Sets</td>
<td>20%</td>
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<tr>
<td>Midterm exam (Wednesday, February 23)</td>
<td>40%</td>
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<tr>
<td>Final exam (Saturday, April 23)</td>
<td>40%</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 five TAs for the course: Noor Zannat (nzannat@sfu.ca), Bianjun Xia (bxia@sfu.ca), Matthew Lewis (mg18@sfu.ca), Yang Wang (ywa81@sfu.ca), and Larry Chang (larryc@sfu.ca). The problem sets are available as PDF files on the class webpage (at www.sfu.ca/~kkasa/). (Note: There are no tutorials during the first week).

COURSE MATERIALS

There is one required book for this course: *Macroeconomics*, by Stephen Williamson (3rd 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

Jan. 7  –  Introduction and Overview
          Williamson, Chapter 1

Jan. 12 –  National Income Accounting
          Williamson, Chapter 2
          Krugman, “How Did Economists Get It So Wrong?” (webpage)
          Lucas, “In Defense of the Dismal Science” (webpage)

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

Jan. 14 –  Labor Supply
          Williamson, Chapter 4 (pgs. 88-107)

Jan. 19 –  Labor Demand
          Williamson, Chapter 4 (pgs. 107-121)

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

III. ECONOMIC GROWTH

Jan. 26 –  Growth Facts and the Malthusian Model
          Williamson, Chapter 6 (pgs. 168-183)

Jan. 28 –  The Solow Growth Model
          Williamson, Chapter 6 (pgs. 183-206)

Feb. 2  –  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. 9  –  Consumption and Saving
          Williamson, Chapter 8

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

Feb. 16-18 –  No Class (Spring Break)
Feb. 23 – Midterm Exam (Closed Book)

V. MONEY AND BUSINESS CYCLES

Feb. 25 – Money and Inflation
Williamson, Chapter 10

March 2 – Measuring Business Cycles
Williamson, Chapter 3

March 4 – Market-Clearing Business Cycle Models
Williamson, Chapter 11

March 9 – Keynesian Business Cycle Models
Williamson, Chapter 12

VI. OPEN-ECONOMY MACROECONOMICS

March 11 – International Trade and Capital Flows
Williamson, Chapter 13

March 16 – Money and Exchange Rates with Flexible Prices
Williamson, Chapter 14

March 18 – IS-LM in Open Economies: The Mundell-Fleming Model
Class Notes

VII. FINANCIAL MARKETS, UNEMPLOYMENT, AND MACROECONOMIC POLICY

March 23 – Money and Financial Intermediation
Williamson, Chapter 15
Problem Set 3 due in class

March 25 – Discussion of the Recent Financial Crisis
Class Notes

March 30 – Search and Unemployment
Williamson, Chapter 16

April 1 – The Phillips Curve
Williamson, Chapter 17

April 6 – Monetary Policy
Friedman (1968), “The Role of Monetary Policy” (webpage)

April 8 – Rules vs. Discretion
Class Notes
Problem Set 4 due in class