SIMON FRASER UNIVERSITY
Department of Economics

Econ 305 – INTERMEDIATE MACROECONOMIC THEORY
Syllabus – Spring 2012

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Office Hours: Wed. 3:00 – 4:00
Fri. 3:00 – 4:00
Phone: 782-5406

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

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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 22)</td>
<td>40%</td>
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<td>Final exam (Monday, 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 six TAs for the course: Noor Zannat (nzannat@sfu.ca), Tenzin Yindok (tyindok@sfu.ca), Matthew Lewis (mgl8@sfu.ca), Corneliu Bolbocean (cba23@sfu.ca), Kenneth Lam (klam@sfu.ca), and Mohammad Zanganeh (nzangane@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. 6   -  Introduction and Overview
              Williamson, Chapter 1

Jan. 11  -  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. 13  -  Labor Supply
              Williamson, Chapter 4 (pgs. 88-107)

Jan. 18  -  Labor Demand
              Williamson, Chapter 4 (pgs. 107-121)

Jan. 20  -  Competitive Equilibrium and Comparative Statics
              Williamson, Chapter 5

III. ECONOMIC GROWTH

Jan. 25  -  Growth Facts and the Malthusian Model
              Williamson, Chapter 6 (pgs. 168-183)

Jan. 27  -  The Solow Growth Model
              Williamson, Chapter 6 (pgs. 183-206)

Feb. 1   -  Extensions of the Solow Growth Model
              Class Notes
              Problem Set 1 due in class

Feb. 3   -  Endogenous Growth
              Williamson, Chapter 7

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

Feb. 8   -  Consumption and Saving
              Williamson, Chapter 8

Feb. 10  -  Investment
              Williamson, Chapter 9
              Problem Set 2 due in class

Feb. 13-17 -  No Class (Spring Break)
V. MONEY AND BUSINESS CYCLES

Feb. 24  –  Money and Inflation
           Williamson, Chapter 10

Feb. 29  –  Measuring Business Cycles
           Williamson, Chapter 3

March 2  –  Market-Clearing Business Cycle Models
           Williamson, Chapter 11

March 7  –  Keynesian Business Cycle Models
           Williamson, Chapter 12

VI. OPEN-ECONOMY MACROECONOMICS

March 9  –  International Trade and Capital Flows
           Williamson, Chapter 13

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

March 16 –  IS-LM in Open Economies: The Mundell-Fleming Model
           Class Notes

VII. FINANCIAL MARKETS, UNEMPLOYMENT, AND MACROECONOMIC POLICY

March 21 –  Money and Financial Intermediation
           Williamson, Chapter 15
           Problem Set 3 due in class

March 23 –  Discussion of the Recent Financial Crisis
           Class Notes

March 28 –  Search and Unemployment
           Williamson, Chapter 16

March 30 –  The Phillips Curve
           Williamson, Chapter 17

April 4  –  Monetary Policy
           Friedman (1968), “The Role of Monetary Policy” (webpage)

April 11 –  Rules vs. Discretion
           Class Notes
           Problem Set 4 due in class