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>
<th>Weight in Grade</th>
<th>Problem Sets</th>
<th>Midterm exam (Friday, October 11)</th>
<th>Final exam (Saturday, December 14)</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 four TAs for the course: Xiaowen Lei (xia100@sfu.ca), Ideen Riahi (iar2@sfu.ca), Nanxi Zhang (nanxiz@sfu.ca), and Tao Yang (yangtaoy@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 (4th Canadian Edition, 2013) 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. 4    – Introduction and Overview
           Williamson, Chapter 1

Sept. 6    – 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

Sept. 11   – Labor Supply
           Williamson, Chapter 4 (pgs. 90-109)

Sept. 13   – Labor Demand
           Williamson, Chapter 4 (pgs. 110-125)

Sept. 18   – Competitive Equilibrium and Comparative Statics
           Williamson, Chapter 5

III. UNEMPLOYMENT

Sept. 20   – The Mortensen-Pissarides Model
           Williamson, Chapter 6

IV. ECONOMIC GROWTH

Sept. 25   – Growth Facts and the Malthusian Model
           Williamson, Chapter 7 (pgs. 204-219)

Sept. 27   – The Solow Growth Model
           Williamson, Chapter 7 (pgs. 219-246)
           Problem Set 1 due in class

Oct. 2     – Extensions of the Solow Growth Model
           Class Notes

Oct. 4     – Endogenous Growth
           Williamson, Chapter 8

Oct. 9     – Buffer/Midterm Review

Oct. 11    – Midterm Exam (Closed Book)
V. A DYNAMIC (TWO-PERIOD) MODEL OF THE ECONOMY

Oct. 16 – Consumption and Saving
Williamson, Chapter 9

Oct. 18 – Investment
Williamson, Chapter 11
Problem Set 2 due in class

VI. MONEY AND BUSINESS CYCLES

Oct. 23 – Money and Inflation
Williamson, Chapter 12

Oct. 25 – Measuring Business Cycles
Williamson, Chapter 3

Oct. 30 – Market-Clearing Business Cycle Models
Williamson, Chapter 13

Nov. 1 – Keynesian Business Cycle Models
Williamson, Chapter 14

VII. OPEN-ECONOMY MACROECONOMICS

Nov. 6 – International Trade and Capital Flows
Williamson, Chapter 15

Nov. 8 – Money and Exchange Rates with Flexible Prices
Williamson, Chapter 16

Nov. 13 – IS-LM in Open Economies: The Mundell-Fleming Model
Class Notes

VIII. FINANCIAL MARKETS AND MACROECONOMIC POLICY

Nov. 15 – Money and Financial Intermediation
Williamson, Chapter 17
Problem Set 3 due in class

Nov. 20 – Discussion of the Recent Financial Crisis
Williamson, Chapter 10 (Class Notes)

Nov. 22 – The Phillips Curve
Williamson, Chapter 18

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

Nov. 29 – Rules vs. Discretion
Class Notes, Problem Set 4 due in class