

ECON 385-A1—Intermediate Macroeconomic Theory II (Fall 2014)

Instructor: Dmytro Hryshko

Meeting Room: T1-103

Class Hours: MWF 1:00–1:50 PM

My Office: HM Tory Building, 9-19

Office Hours: Friday 2–3 PM, or by appointment

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Course Description: This is an undergraduate macro course that will extend your knowledge of the models of economic growth (models of economies in the long run) and aggregate economic fluctuations (models of economies in the short run). Specifically, we will cover the following topics, building up on your knowledge acquired in ECON 282: the Solow model of growth in detail; models of business cycles; the determinants of investment; models of consumption and savings behavior; stabilization policy and the role of monetary and fiscal policies; unemployment; inflation; the role of expectations in macroeconomic models; government debt and deficit financing.

Required Text: Gregory Mankiw and William Scarth (2010), *Macroeconomics*, Worth Publishers. Canadian, Fourth Edition. Fifth or older editions are fine.

Prerequisites: ECON 281 (intermediate micro I), ECON 282 (intermediate macro I), and ECON 299 (quantitative methods in economics). The requirements are strictly enforced.

Material Covered: The course content is in the table on the last page of the outline; it roughly follows the sequence of the material I plan to cover. Note, however, that I may alter the sequence and may also teach some material not included in the textbook. Any material I cover in class, inclusive of the material beyond the textbook, may appear on your exams.

Grading: Evaluation will be based on your performance on an in-class midterm (30%)

and final (50%) exams, and two problem sets (20%). **Tentative** due dates for the problems and the midterm exam are listed on the last page of the outline. Your final grade will be calculated as follows: $0.30 \cdot M + 0.50 \cdot F + 0.10 \cdot HW_1 + 0.10 \cdot HW_2$, where M is the midterm grade (percent out of 100), F—same for the final, HW_1 , HW_2 —same for each respective problem set. Each numerical grade will be converted into a letter grade, ranging from F to A+. Your final grade depends on your **absolute** performance (i.e., on your raw grade calculated in accordance with the formula above), **and** on your **relative** performance (i.e., your standing in the class distribution of grades). Problem sets will be posted on my web-page.

Notes:

1. You may work on your problem sets in groups but you should submit your own solved problem set. Please write all of your group members on your assignment's first page so that it's easier for my TA to grade them. I will not accept late problem sets.
2. You shall put your assignments into a box that will be set up in the main administrative office, located in Tory at the 8th floor.
3. Since this is an upper undergraduate class, you will not see multiple choice questions in exams and problem sets.
4. You will not have make-up exams, or extra credit essays. Please plan your work on the course appropriately and put your effort into reading the text and solving the problems assigned.
5. I encourage you to actively participate in class asking questions and taking course notes—this should help you learn the material better.
6. Class attendance can prove to be important since my exams will emphasize the material covered in class (which may be absent in the textbook; for example, the material on consumption or the Solow model of growth); I may also discuss solutions to the assigned problem sets in class. Class attendance will not count towards your grade.
7. You will find sample midterm and final exams on my webpage.
8. The **final** exam will be **cumulative**; that is, it will contain questions from the first part of the course (before the midterm examination).
9. In case you miss the midterm, its weight will be transferred to the final exam.

10. Audio or video recording of lectures, labs, seminars or any other teaching environment by students is allowed **only with the prior written consent of the instructor** or as a part of an approved accommodation plan. Recorded material is to be used solely for personal study, and is not to be used or distributed for any other purpose without prior written consent from the instructor.
11. As per request of the University administration, please be aware of the following statement: “Policy about course outlines can be found in §23.4(2) of the University Calendar.” (GFC 29 SEP 2003).
12. As per request of the University administration, please familiarize yourself with the following statement: “The University of Alberta is committed to the highest standards of academic integrity and honesty. Students are expected to be familiar with these standards regarding academic honesty and to uphold the policies of the University in this respect. Students are particularly urged to familiarize themselves with the provisions of the Code of Student Behaviour (online at www.ualberta.ca/secretariat/appeals.htm) and avoid any behaviour which could potentially result in suspicions of cheating, plagiarism, misrepresentation of facts and/or participation in an offence. Academic dishonesty is a serious offence and can result in suspension or expulsion from the University.” (GFC 29 SEP 2003)

Course Content

Ch. 1,2,3	<i>Self-study</i>
Ch. 7	Economic Growth I
Ch. 8	Economic Growth II
Ch. 17	Consumption
Ch. 18	Investment
Ch. 6	Unemployment
Ch. 4	Money and Inflation*
Ch. 9	Intro to Economic Fluctuations**
Ch. 10, 11	Aggregate Demand I, II***
Ch. 5, 12	Open Economy in the Long- and Short-Run****
Ch. 13	Aggregate Supply and the Short-Run Tradeoff Between Infl. and Unempl.
Ch. 14	A Dynamic Model of Aggregate Demand and Aggregate Supply
Ch. 15, 16	Stabilization Policy/Government Debt and Budget Deficits
Problem Set 1 due	Friday, October 10 (tentative)
Midterm Exam	Friday, October 24 (tentative), in class
Problem Set 2 due	Wednesday, November 26 (tentative)

Note:

*Sections 4.1–4.3, 4.5—review.

**Review.

***Sections 11.1–11.2—review.

****Chapter 5—review. Chapter 12 will be covered to enhance understanding of the short-run fluctuations in an open economy; we'll embed features of an open economy into the IS–LM model.