

ECON 385—Intermediate Macroeconomic Theory II (Fall 2009)

**Instructor:** Dmytro Hryshko

**Meeting Room:** T1-103

**Class Hours:** MWF 13:00–13:50 PM

**My Office:** HM Tory Building, 9-13A

**Office Hours:** by appointment (do not hesitate to set up an appointment)

**e-mail:** dhryshko@ualberta.ca

**web-page:** <http://www.arts.ualberta.ca/~econweb/hryshko>

**Office Phone:** 492-2544

**Course Description:** This is an undergraduate macro course that will introduce you to 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 in detail the Solow model of growth; 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.

**Prerequisites:** ECON 281, ECON 282.

**Required Text:** Gregory Mankiw and William Scarth (2004), *Macroeconomics*, Worth Publishers, NY. Canadian, Third Edition.

The textbook is available in the bookstore. Please visit <http://worthpublishers.com/mankiw/> to check out free on-line resources for the textbook.

**Recommended Books:** Roger Kaufman and William Scarth (2007), *Student Guide and Workbook for Macroeconomics*, Worth Publishers, NY.

Brian Snowdon and Howard Vane (2000), *Conversations With Leading Economists: Interpreting Modern Macroeconomics*, Edward Elgar Publishing.<sup>1</sup>

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<sup>1</sup>A good idea to purchase this book if you want to further your understanding of macro, but not necessary for performing well in this course.

**Material Covered:** The course content is in the table on the last page of the outline. I may also teach some material not included in the textbook (for example, I will cover some material on consumption not available in the textbook).

**Grading:** Evaluation will be based on your performance on an in-class midterm (40%) and final (40%) exams, and two (possibly three) problem sets (20%). Your final grade will be calculated as follows:  $0.40 * M + 0.40 * F + 0.20 * [1/2 * (HW_1 + HW_2)]$ , where  $M$  is the percentage of correct answers on the midterm,  $F$ —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). Put it another way, final raw grades will be “curved.”

**Important Information:** Problem sets will be assigned as we proceed with the course material. I will announce the deadlines for the problem sets and will post them at my web-page. To be updated, you should check my web-page regularly.

**General Notes:**

1. You may work on your problem sets in groups but you should submit your own solved problem set. I will not accept late problem sets.
2. You shall deliver your assignments either directly to me in the beginning of the class on their deadline dates, or put them 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. Please see me if you have any difficulties understanding the material.
6. **I will not answer e-mail questions concerning problem sets, or class material. For these questions, see me in my office.**

7. **I will not answer any questions about problem sets on the date of their submission. See me earlier if you have questions!**
8. If you ask a question related to a problem set be sure you have a variant of your answer so that I see that you worked prior to an appointment rather than simply want to get the correct answer from me without any effort on your part.
9. I will not check class attendance but I encourage you to actively participate in class asking questions and taking course notes—this should help you learn the material better.
10. Class attendance can prove to be important since my exams will emphasize the material covered in class (which may be absent in the textbook); I will also discuss solutions to the assigned problem sets in class.
11. The final will not be cumulative and will reflect the material taught after the midterm examination.
12. 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).
13. 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](http://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

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Ch. 1,2,3	<i>Self-study</i>
Ch. 16	Consumption
Ch. 17	Investment
Ch. 7	Economic Growth I
Ch. 8	Economic Growth II
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 Inflation and Unemployment
Ch. 14, 15	Stabilization Policy/Government Debt and Budget Deficits
Ch. 19	Advances in the Theory of Economic Fluctuations
<b>Midterm Exam*</b>	Friday, October 30, in class
<b>Final Exam</b>	Tue, December 8 at 2:00 PM

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*Note:*

\*The midterm date is “approximate.”

\*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.

### **Important Dates:**

September 7 (M)—Labor Day; university buildings closed.

October 12 (M)—Thanksgiving Day; university buildings closed.

November 11 (W)—Remembrance Day; university buildings closed.

December 3 (Th)—Classes end!