

ECON 2201: INTERMEDIATE ECONOMICS

Winter 2010 Course Syllabus

Lectures: Monday, Wednesday and Friday, 11:35-12:25, LSC-COMMON AREA C338

Tutorials: Monday, 10:35-11:25, LSC-COMMON AREA C202

Thursday, 16:05-16:55, LSC-COMMON AREA C202

Professor: Mevlude Akbulut-Yuksel

Office: 6220 University Avenue, 1st door on left-hand side, ground floor (C11)

Phone: 494-8011 or 494-2026 (secretaries)

E-mail: mevlude@dal.ca

Office Hours: Friday, 9:00-11:30 (no appointment needed during this time).

Meetings at any other time must be arranged in advance, preferably via e-mail.

Teaching Assistant: Justin du Plessix (email: js209511@dal.ca)

Description of the Course: The objective of this course is to form a foundation to analyze and critically think about current macroeconomic issues. Within macroeconomics there are essentially two (interrelated) core areas: macroeconomic fluctuations and economic growth. The main object of these lectures is the causes and consequences of macroeconomic fluctuations in terms of real income, employment and the general price level in industrial countries (with a focus on Canada). Macroeconomics is a field of economics which studies relations in the global economy, and informs debate on the design of fiscal and monetary policies to achieve socially desirable goals. However, often the discussion is abstract and stylized (in order to isolate the gist of an issue given the complexity of the broader context). Lectures will therefore frame the theoretical models presented in the textbook within the current context and historical events.

Email Policy: I will do my best to respond to e-mail within 24 hours on a weekday, 48 hours on a weekend, according to the following policy:

- a. I will only respond to e-mails posing questions that can be answered in a sentence or two. For detailed questions, please see me or the TA in office hours.
- b. I will not reply to e-mails that request information that can be found on BLS or the syllabus, so you should check those places first.
- c. I will not reply to e-mails regarding the results of graded material– for that, please see me in office hours.
- d. I will not respond to email sent to my other accounts.

You are encouraged to use the BLS posting board and to answer questions posed on it. You are also encouraged to email your TA.

Prerequisites: Introductory Macroeconomics- Econ 1102 or equivalent with at least a grade of C-. Knowledge of basic algebra is also required.

Textbook:

Olivier Blanchard, and David Johnson. *Macroeconomics*. 4th edition. Pearson.

Requirements and Grading:

- 1. Mid-term 1:** 20% (in class on Wednesday, February 17th)
- 2. Mid-term 2:** 20% (in class on Monday, March 22th)
- 3. Final Exam:** 40% (during Final Week, date to be announced)
- 4. Assignments:** 7 Assignments 20% (I will drop the lowest assignment)

Exams: Exams will draw heavily from lectures and problem sets, and not rely solely on the textbook. They are not open-book. They are not multiple-choice. The final exam will cover the subject matter of the entire course. The assignment questions and relevant end-of-chapter exercises in the textbook are indicative of the exam questions (I will not distribute practice exams).

NECESSARY ATTENDANCE DATES FOR EXAMS

Mid-term 1: Wednesday, February 17th, 2010 in room LSC-C338 from 11:35-12:25

Mid-term 2: Monday, March 22th, 2010 in room LSC-C338 from 11:35-12:25

Final: The date, time and place of the final exam will be determined by the Registrar's Office.

There will be NO make-ups or extensions given for exams and assignments except with prior consent from me or in the event of an unexpected emergency.

If you miss the final exam for a valid medical reason, you must notify the instructor immediately, provide appropriate medical documentation, and make arrangements to write-up exam as soon as health permits.

Assignments: Seven problem sets will be assigned in this course, worth a total of 20% of your final grade. I will drop the lowest assignment. Assignments will consist of combinations of end-of-chapter questions and other questions aimed at testing your knowledge of the material. They will be assigned in class every couple weeks (as described below). **Assignments are due at the beginning of the tutorial on MONDAY** and will be collected by the TA (please hand in your assignments; do not email them or drop them in mail boxes). **Assignments received after the due date will receive a grade equal to zero.** No electronic submission of homework will be accepted. Only hard copies of homework turned in tutorial will be accepted.

Class Participation: (1) Attendance to lectures *and* tutorials is a requirement; **(2) when you miss a lecture, you cannot get the handout for that missed lecture from me; (3) I will not give any information over the phone or in response to emails that you would have known had you attended class or read the webpage/syllabus information;** (4) Lectures will include discussion, data and material that are not included in your textbook; (5) At the same time, lectures will not necessarily cover all the required readings from the textbook.

Tutorials: The tutorials are intended to reinforce concepts learned during the course through conceptual and numerical questions. Work on these questions before attending the tutorials. Marked assignments and exams will be distributed back during the tutorials.

Active Learning: Be prepared for effortful cognitive work beyond knowledge and comprehension, and recognize the fact that this course sits on a higher cognitive ladder than an introductory macroeconomics course. For effective learning, reconstruct and paraphrase the

arguments presented in your textbook and lectures. Simply reading the textbook and lecture notes would not in general be sufficient to obtain a satisfactory mark on the exams.

Evaluation: You will be evaluated based on your knowledge, comprehension, application, and analysis of the material learned in this course. These include:

1. Problem-solving skills, model based reasoning, and application of macroeconomic knowledge to situations that are different from those presented in class.
2. Evaluating the validity of an argument, and disentangling cause from effect.
3. Writing short essays to analyze; evaluate and discuss issues.

Grading: GRADES ARE NOT NEGOTIABLE. Do not contact me after the final semester grades have been posted asking me to change your grade for any reason. [Of course, if you believe your grade was posted erroneously by all means DO contact me.] Grades will be determined according to the following scale:

A+	A	A-	B+	B	B-	C+	C	C-	D	F
90+	85-89	80-84	77-79	73-76	70-72	67-69	63-66	60-62	50-59	<50

To pass the course, a D letter grade average on the exams is required.

Accessibility Services: Students with disabilities, who want to receive academic accommodations, are encouraged to register as quickly as possible at the Student Accessibility Services by telephone (494-2836), email (access@dal.ca), at the Killam Library, G28, or online at www.studentaccessibility.dal.ca

Organization: Lectures are organized around the following topics:

0. Introduction: 2 Lectures
1. The Goods Market and the Demand Side of Income Determination: 3 Lectures
2. Money and Bond Markets: 2 Lecture
3. The Basic *IS-LM* Model: 5 Lectures
4. The Open Economy *IS-LM* Model: 6 Lectures
5. The Labour Market: 3 Lectures
6. The Goods Market, Money Market, and Labour Market: 5 Lectures
7. Pricing of Financial Assets: 5 Lectures
8. Forward Looking Decisions: Consumption and Saving: 3 Lectures
9. Monetary Policy: 3 Lectures

Course Outline and Required Readings

Topical material and additional reading for class discussion may be assigned during the semester. Any changes to this schedule will be released in class.

Week 1, January 4-January 8. Introduction and the Demand Side of Income Determination

- **No tutorial during week one.**
- Discussion of the course requirements and content. Introduction to Econ. 2201. In class discussion on the recent macroeconomic environment. Chapters 1, 2, Appendix 1.
- Aggregate expenditure model. Sections 3.1- 3.3.

Week 2, January 11-January 15. The goods market and the money market

- Investment-saving equality in closed and open economies. Sections 3.4 -3.5.
- Financial wealth; demand for and supply of money. Sections 4.1-4.2.
- **Assignment 1:** Announced in class January 11th.

Week 3, January 18- January 22. The Basic IS-LM Model

- Goods market equilibrium and the *IS* relation. Section 5.1.
- Money market equilibrium and the LM relation, and equilibrium in the basic IS-LM model. Section 5.2-5.3.
- Evidence on the basic IS-M model. Sections 5.4 and 5.6.
- **Assignment 2:** Announced in class January 18th.

Week 4, January 25-January 29. Open Economy Macroeconomics I and II

- Nominal and real exchange rates, uncovered interest parity condition. Chapter 6.
- The goods market and the *IS*-relation in the open economy. Sections 7.1-7.4.
- **Assignment 3:** Announced in class January 25th

Week 5, February 1-February 3. Open Economy II

- Equilibrium under floating exchange rate regime. Sections 8.1-8.3.
- Policy under floating exchange rate regime. Section 8.4.
- **Assignment 4:** Announced in class February 1st

Week 6, February 8-February 12. The Labour Market

- The Labour market and unemployment: wages and bargaining. Sections 9.1-9.3.
- Equilibrium unemployment. Sections 9.4-9.6.

Week 7, February 15-February 19. The Labour Market

- **Midterm 1: Wednesday, 17th (in class)**
- Equilibrium unemployment. Sections 9.4-9.6.

22 February – 26 February: No Classes

Week 8, March 1-March 5. Equilibrium in the goods market, money market, and labour market

- The labour market and aggregate supply (AS), and the goods market, money market and aggregate demand (AD) Section 10.1- 10.2.
- Equilibrium in the AD-AS model and Introduction to shocks. Section 10.3-10.4.
- **Assignment 5:** Announced in class March 1st.

Week 9, March 8-March 12. Shocks and propagation mechanisms

- Demand-side shocks and supply-side shocks. Sections 10.5-10.6.
- Present discounted value calculations. Sections 18.1-18.4 and 19.2-19.4, Appendix: Deriving the expected present discounted value using real or nominal interest rates.
- **Assignment 6:** Announced in class March 8th.

Week 10, March 15-March 19. Pricing financial markets and forward looking decisions

- The yield curve and stock prices. Section 19.1 – 19.3
- Consumption demand. Section 20.1 and Chapter 20, Appendix A.

Week 11, March 22-March 26. Forward looking decisions

- **Midterm 2: Monday, 22th (in class)**
- Saving and investment demand. Expectations: the current period and future period IS-LM model. Sections 20.2-20.3 (read selectively) and section 21.1.

Week 12, March 29-April 2. Equilibrium under forward looking decisions

- Expectations and demand-side shocks. Sections 21.2-21.3.
- Central banking and monetary policy and the monetary policy transmission mechanisms. Chapter 25.
- **Assignment 7:** Announced in class March 29th.

Week 13, April 5-April 9. Monetary policy

- Inflation, output growth and unemployment. Chapter 11, Sections 12.1-12.2.
- Monetary policy in action. Sections 12.3. and 12.5.

Final Exam (date to be announced)