

Department of Economics
Carleton University
Intermediate Macroeconomics II - Econ 2103B

Instructor: Stephen Ferris

Winter 2009

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Office hours: Tuesday 2:30 – 4:00 or Thursday 12:30 – 1:30 (or by appointment).

Prerequisites: ECON 2102 with a grade of C- or higher and ECON 1402 (or equivalent) with a C- or higher.

Text: Mankiw and Scarth, *Macroeconomics*, 3rd Canadian edition, Worth Publishers, 2004.

There is a Study Guide available.

Grading: First mid-term test (33.3%)

February 3

(a make-up test for those with written excuses will be held on Sat. Feb 7 at 10:00am in Loeb)

Second mid-term test (33.3%)

March 10

(a make-up test for those with written excuses will be held on Sat. Mar 14 at 10:00am in Loeb)

Final (or third) test (33.3%)

in the exam schedule

Course coverage and Chapters in Mankiw and Scarth:

| Topics | Approximate lecture content | Reading |
|---|---|-----------------|
| 1 | Flexible Prices and the adjustment of the IS-LM to the Long Run | Review Ch. 3, 9 |
| 2 | Alternative explanations of an upward sloping AS curve | Ch. 13 |
| 3 | Expectations and unemployment | Ch. 13 |
| Mid-term I (in class) – Feb. 3 Tuesday | | |
| 4 | Consumption and savings | Ch. 16 |
| 5 | Investment spending | Ch. 17 |
| 6 | Supply of money | Ch. 18 |
| 7 | Money Demand | Ch. 18 |
| Mid-term II (in class) – March 10, Tuesday | | |
| 8 | Money and Inflation | Ch. 4. |
| 9 | Stabilization Policy | Ch. 14. |
| 10 | Budget deficits and public debt | Ch. 15. |
| 11 | Recent developments in macroeconomics | Ch. 19. |

Final test - in the examination schedule

The first mid-term test will focus on comparing the extreme price and output outcomes of the models developed in Econ 2102 with a set of intermediate cases where imperfect price inflexibility arises from information problems and results ultimately in the inflation-unemployment combinations associated with the Phillips Curve. The second mid-term test focuses on the microfoundations of the important aggregate behavioral relationships used in the model, i.e., the consumption and investment functions, the money demand and supply functions. The final exam will cover additional topics of interest, such as inflation, search theory and unemployment, public debt, and some of the more recent developments in macro theory. The three term tests and the final exam will all be short answer questions and to assist you to prepare for the tests, problem sets will be provided through WebCT. These problem sets will not be graded but (after some delay to encourage you to try them) an answer sheet will be made available on webCT. The problem sets are given to help you better understand the material and to prepare you for the term tests.

NOTE: The writing of all mid-term tests is a required part of the course. Should any of the mid-term tests be missed, a student will need a valid written excuse to write a make-up mid-term test the following Saturday at 10:00 am (the room in Loeb will be announced in class and on WebCT). There are no other options so that students who miss both the scheduled test and make-up will be assigned a grade of zero. Failure to write the final exam will result in a grade of ABS (should passing the course still be feasible) and students must contact registrarial services to gain permission to write a deferred exam. Should a deferred exam be granted by the registrar's office, the exam will be written in the time period set out in the calendar. Special final exams (or mid-terms) will not be given.

Note also that the university has various accomodations for students who encounter difficulties. Please see the webCT site for some of the important accomodation policies available to students.