



St. Francis Xavier University

Department of Economics

ECON 302: Intermediate Macroeconomics II

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Winter 2023

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Classes: Monday 2:15 pm – 3:30 pm, and Thursday 3:45 pm – 5:00 pm

Office Hours: Monday 12:45 pm – 1:45 pm, and Wednesday 2:00 pm – 3:00 pm.

Description

This is the second part of two half-courses on intermediate macroeconomics. We present several macroeconomic models of short-run economic fluctuations for both closed and open economies, in static and dynamic contexts. We focus on the concepts of unemployment, inflation, interest and exchange rates, investment and savings in the open economy setting. The course will also consider current macroeconomic policy debates. Lastly, we will study theories of economic growth in the very long-run.

Objectives and Learning Outcomes

The course has two main objectives:

- (1)** To present students standard static macroeconomic models that can be used to understand current economic developments.
- (2)** To prepare students for further study of macroeconomics at an advanced or graduate level by introducing them to dynamic macroeconomic models.

Prerequisites

ECON 202.

Textbook

Mankiw, N. G. and W. Scarth. (2020). *Macroeconomics*. 6th Canadian Edition. New York: Worth Publishers Macmillan Learning. (**Note:** You **CAN** also use the 5th Canadian Edition.)

Evaluation

The course grade is based on a midterm, three assignments and a final exam as follows:

- Midterm: 35%
- Assignments (3): 15%
- Final exam: 50%

Students are expected to attend all lectures. The midterm exam is scheduled for **February 13** during class time. **No make-up midterm exams** will be offered. Should a student miss the midterm for a medical reason, the weight of the midterm will be added to the final exam. Students may drop a course, online in Banner, on or before **March 10, 2023** for second-term, three-credit courses. After this date, students are not permitted to drop courses without permission from their Dean. The final exam, to be scheduled by the registrar's office in April 2023, will be cumulative.

Three assignments will be given throughout the term. Students are free to work with other students on these assignments and submit their work in groups of 1, 2 or 3. Assignments should be handed in during the start of the lecture in which they are due. Late assignments will not be accepted and will receive a mark of zero. The solutions for the assignments will be posted on Moodle.

The office hours for this term will be conducted **online** on Blackboard Collaborate. The link for the virtual office hours will be posted on Moodle. Please allow for 5 to 10 minutes for everyone to get on Blackboard Collaborate. Aside from the online office hours, you can also send me questions via email and you can request an in-person meeting.

Please note that this in-person course will switch to online delivery if circumstances related to Covid-19 require it in the Winter term. Also, note that the materials in this course are designed for use in Econ 302 at St. Francis Xavier University and are the property of the instructor. Copying this material for distribution, online posting, or selling it to third parties for distribution without permission is subject to Canadian Copyright Law and is strictly prohibited. Copying this material for distribution (e.g. uploading material to a commercial third-party website) may lead to a charge of misconduct under St. Francis Xavier University's Community Code of Conduct and the Senate Policy on Academic Integrity. For more information, please visit the StFX copyright guide: <http://www2.mystfx.ca/library/campus-copyright>

Course Outline

| <i>Part I: Macroeconomic Models of Short-Run Economic Fluctuations</i> | Chapters |
|---|-----------------|
| 1. Static Models | |
| 1.1 Demand-Side | |
| • The Open Economy | 6 |
| • The Open Economy Revisited: The Mundell-Fleming Model and the Exchange-Rate Regime | 13 |
| 1.2 Supply-Side | |
| • Aggregate Supply and the Short-Run Tradeoff between Inflation And Unemployment (including Appendix) | 14 |
| 2. Dynamic Models | |
| • A Dynamic Model of Economic Fluctuations | 15 |
| <i>Part II: Macroeconomic Policy Debates</i> | |
| 1. Alternative Perspectives on Stabilization Policy | 16 |
| 2. Government Debt and Budget Deficits | 17 |
| <i>Part III: Economic Growth</i> | |
| 1. Economic Growth I: Capital Accumulation and Population Growth | 8 |
| 2. Economic Growth II: Technology, Empirics, and Policy | 9 |
| <i>Part IV: Topics in Macroeconomic Theory and Policy (If time permits)</i> | |
| 1. The Financial System: Opportunities and Dangers | 18 |
| 2. The Micro Foundations of Consumption and Investment | 19 |

Important Dates

January 4: Winter term classes begin

January 27: April exam schedule is available online

February 20 - 26: Winter Study Break

February 27: Classes resume after the study break

March 3: Winter term midterm grades available on Banner

March 10: Last day to drop second-term three-credit courses

April 5: Last day of classes for second term