Course Objectives

In the first half of this one-year course we focused on the phenomena of economy-wide movements in output/(un)employment and prices/inflation and analyzed government’s stabilization policies geared towards reducing fluctuations in these variables. The framework developed for this purpose was the standard IS-LM model or the AD-AS model. This half of the course builds on these basic models and develops a deeper, more detailed, and advanced understanding of these models and thus the functioning of the economy. More specifically, we will introduce and analyze the role of expectations in detail, discuss the “micro-foundations” behind aggregate macroeconomic relations, and evaluate the powers and limitations of fiscal and monetary policy even further. Moreover, we will also study models that help explain the long run growth of an economy. The key objective remains the same: promoting critical thinking in areas of macroeconomic theory and policy.

Lecture Times and Location

Mondays and Wednesdays: 1130 --- 1300 in RB-2042

I strongly recommend that you attend all the lectures, as I will provide sufficiently detailed lecture notes, especially on microfoundations, and growth models, and some additional material during the lectures.

Office Hours

Mondays and Wednesdays: 1430 – 1600. If these times are inconvenient and/or if you need additional times please do not hesitate to make appointments.

Text and Other Readings

A)- Required Textbook


B)- Recommended Books


C) Suggested Readings


One copy of each article will be available at the reserve section of the library. There will be compulsory questions based on these articles in your mid-term and final exams.

Lecture Topics

We will cover chapter # 18 --- chapter # 21, chapter # 25 – chapter # 28 and chapter # 14 --- chapter # 17 of the text book. I expect that you will read chapter # 28 and the articles on your own.

Course Evaluation

There will be two in-class tests of 80 minutes each and a final exam of 150 minutes. Each term test will account for 25% and the final for 50% of the grade. The term tests have been scheduled for the following dates:

Test # 1 --- Wednesday, February 1st.
Test # 2 --- Wednesday, March 8th.

The structure and requirements for the tests and the final exam will be discussed in detail in class. The final exam will be scheduled sometime in April. The university will announce the date.

Academic Ethics and Other Rules

You are reminded that the university will levy sanctions on students who are found to have committed, or have attempted to commit, acts of academic or research misconduct. For information on categories of offenses and types of penalty, please consult the relevant section of the Undergraduate Academic Calendar.

There will be no makeup tests. You must provide appropriate documentation from a doctor for a missed test. Your marks will be transferred to the other tests and final exam.

Students with disabilities or special needs are advised to contact Lakehead’s Learning Assistance Center for information regarding its services and resources.