

GRANDE PRAIRIE REGIONAL COLLEGE  
DEPARTMENT OF ARTS, EDUCATION & COMMERCE

EC 2820

INTERMEDIATE MACROECONOMIC THEORY I

INSTRUCTOR: EBBY ASLANI  
OFFICE: C 423  
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OFFICE HRS: Mon., Wed., Fri. 12:00 - 1:00 or By appointment

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COURSE OBJECTIVES:

To introduce students to the basic mathematical models used to analyze macroeconomic problems. Attention will be paid to theories of aggregate consumption, investment behaviour, monetary and fiscal policies. In the framework of the course we will try to understand the on going problems of Canadian economy such as national debt, GST and the recent recession. We will spend some time on the problem of applying the fiscal policy as a solution to the economic recession of 91-92.

- EC 1010 and EC 1020 are prerequisites. High school level of algebra will be used extensively in this course.

TEXTBOOK:

Modern Macro-Economics, Fourth Edition; M. Parkin and R. Bade, Prentice-Hall, 1995.

Modern Macroeconomics Study Guide, Fourth Edition; Parkin and Bade, Prentice-Hall, 1995.

- you may find it useful to review the following text;

Macro-Economics, Fourth Edition; R. Dornbusch, S. Fisher, and G. Sparks, McGraw-Hill Ryerson, 1993.

STUDENT EVALUATION:

Assignment #1	Friday,	Feb. 7	20%
Mid-Term Exam #1	Friday,	Feb. 14	30%
Assignment #2	Friday	Mar. 28	20%
Mid-Term Exam #2	Wed.day	April 9	30%

GRADE DETERMINATION:

All grades are first recorded as percentages. After the final exam, the weighted average (.3 mid-term exam, .2 for each assignment, and .3 final-exam) of the percentages will be converted to the college nine-point system. The final grades are not determined with reference to any curve. As well, at any point in time the student may find out exactly where he/she stands (compared with his/her goal).

## COURSE OUTLINE:

I.	INTRODUCTION	Ch. 1, 2, 3
II.	MICROFOUNDATIONS OF AGGREGATE DEMAND:	
	Consumption & Savings	Ch. 17
	Investment	Ch. 18
	Money & Asset Holding	Ch. 19
III.	AGGREGATE DEMAND FLUCTUATIONS	
	Aggregate Expenditure and Income - IS Curve	Ch. 4
	Aggregate Expenditure, Interest rate & Money - LM Curve	Ch. 5
IV.	MONETARY AND FISCAL POLICY	
	The IS - LM Model (Closed Economy)	Ch. 6
	The IS - LM Model (Open Economy)	Ch. 7
V.	GROWTH and FLUCTUATIONS in AGGREGATE SUPPLY	
	Capital, Technology & Economic Growth	Ch. 8
	The labour Market & Aggregate Supply	Ch. 9
	Unemployment	Ch. 10
VI.	THE NEW MACROECONOMICS	
	New Classical Macroeconomics	Ch. 20
	New Keynesian Macroeconomics	Ch. 21
VII.	MACROECONOMIC POLICY	
	Why Macroeconomists Disagree About Policy	Ch. 14
	Stabilizing the Canadian Economy	Ch. 15
	Stabilizing the World Economy	Ch. 16
VIII.	INFLATION, DEFICITS, and DEBTS	
	Inflation, Interest rates, and the Exchange Rate	Ch. 11
	Inflation and the Business Cycle	Ch. 12
	Public and Private Deficits and Debts	Ch. 13