Course Details

Time: Tuesday and Thursday, 13:00-14:20
Location: THORV 129
Prerequisites: ECON 214 and a junior course in calculus
Course Description: Extensions and applications of macroeconomic theories. Topics include theories of consumption and investment, asset pricing, fiscal and monetary policy, and search models of the labour market.
Website: Some materials will be available on Blackboard.

Expected Learning Outcomes

This course covers a number of important macroeconomics topics that are not treated in depth in ECON 214. Building on the foundations laid in intermediate macro and a course in calculus, we will introduce the tools needed to investigate a range of macro issues in a coherent modelling framework.

Upon successful completion, students will be able to set up and solve simple macroeconomic models, as well as apply them to new problems. They will understand how optimizing households and firms behave and respond to changes in their economic environment. They will know and understand several key concepts, paradigms and results, such as the permanent income hypothesis, the Modigliani-Miller Theorem, the Laffer curve, the excess burden of taxes, the Taylor rule, balanced growth, and the search and matching framework.

Instructor

Andreas Pollak  Phone: 966-5221
Arts 812  E-mail: a.pollak@usask.ca (preface subject with “ECON374”)
Office Hours: Tuesday and Thursday 14:45-15:30 or by appointment

Course Outline and Readings

Most suggested readings come from the following textbooks:

The journal articles listed below are available through the library.

1. **Theories of Consumption**
   1.1. Introduction
   1.2. The Life-Cycle Hypothesis and Overlapping Generations
       MS, Chapter 17.2-17.3
       J, Chapter 16.1-16.2
   1.3. The Permanent-Income and Random-Walk Hypotheses
       MS, 17.4-17.5
       J, Chapter 16.3-16.4
   1.4. Extensions and Summary

2. **Investment and Asset Markets**
   2.1. Introduction
   2.2. Investment and Tobin's q
       SW, Chapter 14
   2.3. Asset Pricing
       SW, Chapter 14
   2.4. Firm Financing and the Modigliani-Miller Theorem

3. **Unemployment and Job Search**
   3.1. Introduction
   3.2. Job Search
       W, Chapter 6

4. **Open Economy Macroeconomics**
   J, Chapters 19, 20

All articles and chapters listed above are recommended readings.
Note that the course outline and reading list are preliminary and may be updated during the term. We will cover topics 1-3. Time permitting, we may also cover topic 4.
There will be four components to your grade:

<table>
<thead>
<tr>
<th>Component</th>
<th>Date</th>
<th>Weight</th>
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</thead>
<tbody>
<tr>
<td>Assignments</td>
<td>TBA</td>
<td>15%</td>
</tr>
<tr>
<td>First Midterm Exam</td>
<td>February 14</td>
<td>10%</td>
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<tr>
<td>Second Midterm Exam</td>
<td>March 12</td>
<td>15%</td>
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<tr>
<td>Final Exam</td>
<td>TBA</td>
<td>60%</td>
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The weights of the midterms will be shifted to the final if this results in a better overall grade.

**Assignments:**
You will complete a number of assignments (approx. 4 to 5) during the term. If you receive help from any source (book, another person, website) you must cite it on your assignment. Failure to cite could be construed as academic dishonesty. You will have at least one week to complete each assignment. While you are encouraged to cooperate solving the assignments, I expect the answers that are handed in to reflect students’ individual contributions. Late assignments will not be accepted. Some answer keys may be posted on Blackboard, and the assignments will be discussed in class.

**Exams:**
There will be two midterm exams (one class hour each) and a final (180 minutes). Exams will be cumulative and test your understanding of the subject material and your ability to analyse and formulate solutions to specific problems. The assignments are intended to assist you in the preparation for the exams, but note that exam questions are typically different from assignment questions. The exams are closed book. Electronic devices will not be permitted during examinations, with the exception of approved non-programmable calculators without communication functions. There will be no deferred midterms.

**Missed Components:**
If assignments or midterm exams cannot be completed for a justifiable reason, it may be possible to make alternative arrangements prior to the due date at the instructor’s discretion. If no such arrangements are made and the component is missed, a grade of 0 will be assigned, unless the student provides written documentation of circumstances beyond his or her control that prevented him or her from completing the assignment on time.

**Attendance:**
University policies apply. Regular attendance is recommended.

**Grading System:**
See [http://students.usask.ca/academics/grading/grading-system.php#GradingSystem](http://students.usask.ca/academics/grading/grading-system.php#GradingSystem) for a description of the percentage grading system used in this course.
Please note that academic dishonesty is subject to severe penalty at the University of Saskatchewan. Any form of conduct not in line with the general standards of academic integrity, including cheating and plagiarism, will not be tolerated. This course will conform to the academic requirements and standards, including Academic Misconduct (http://www.usask.ca/secretariat/student-conduct-appeals/academic-misconduct.php) and the rules of Student Appeals in Academic Matters (http://www.usask.ca/secretariat/student-conduct-appeals/appeals-in-academic-matters.php). Please read the “Integrity defined” document available at http://www.usask.ca/secretariat/student-conduct-appeals/forms/IntegrityDefined.pdf