

ECONOMICS 209Y: MACROECONOMICS THEORY AND POLICY

Main Reading List

Basic Texts

R.Dornbusch, S. Fischer, R. Startz, F. Atkins and G. Sparks, Macroeconomics. Seventh Canadian Edition (McGraw Hill, 2004).

Other References

D. Bond, J. Chant and R. Shearer, The Economics of the Canadian Financial System, (Prentice-Hall).

M. Bailey, National Income and the Price Level, (McGraw-Hill, 1962).

J.L. Carr, et al., The Illusion of Wage and Price Controls, Fraser Institute, 1976.

I NATIONAL INCOME DETERMINATION

1. Introduction and Some Problems in Macroeconomics
Ch. 1.
2. National Income Accounting
Ch. 2.
3. Simple Keynesian Model
Ch. 10, pp. 188-195.
4. Introduction of Government Sector
Ch. 10, pp. 195-203.
5. Introduction of Foreign Sector
Ch. 10, pp. 203-204.
6. Introduction of Monetary Sector
Ch. 11.
7. Introduction to Labour Markets
Ch. 3.
8. Underemployment Equilibrium
9. Classical versus Keynesian Model
10. Consumption Function
Ch. 14.
11. Investment Function
Ch. 15.
12. Demand for Money (covered in Spring Term)
13. Economic Fluctuations
Ch. 6.
14. Economic Growth
Chs. 4.

II MONETARY THEORY AND POLICY

1. Money and Its Uses - A Hypothetical Model
2. The Quantity Equation
3. The Quantity Theory and the Demand for Money
Ch. 16.
4. Supply of Money (Including Central Banking Techniques)
Ch. 18.
5. Inflation
Chs. 8.
J.L. Carr, Wage and Price Controls: Panacea for Inflation or Prescription for Disaster?, Fraser Institute, 1976, reprinted in J.L. Carr, et al., The Illusions of Wage and Price Controls, Fraser Institute, 1976.
6. Money and Real Economic Activity
Chs. 7.
7. Monetary Policy, Fiscal Policy and Stabilization
Chs. 12, 17, 19.
8. New Classical Macro vs. New Keynesian
Ch. 20.
9. International Monetary Arrangements
Chs. 5, 13.
10. The Capital Market and Financial Intermediaries
11. Theory of Interest (Including Term Structure)

NOTE: The book recommended for this course is Dornbusch, Fischer, Startz, Atkins and Sparks. Final mark in this course will consist of a final examination counting for 50% and two term tests counting for 25%. The first term test is on Friday, October 28, 2011 and the second term test is on Friday, February 3, 2012. If a test is missed due to sickness, a re-weighting will occur, to count the test that was not missed at 33.33% and the final exam at 66.67%.

I will not respond to email inquiries unless it is an emergency. I will take up 'generic' questions that could be of interest to all students at the beginning of next class.