

Course Outline

Department of Economics  
School of Business and Economics

ECON 2950-3  
Intermediate Macroeconomics 2 (3,0,0)

**Calendar Description**

Students complete an advanced, in-depth examination of economic behaviour at the aggregate level. Topics include the determination and distribution of output in the long run; the classical dichotomy and neutrality of money; the measurement, problems, and determinants of unemployment and inflation in the long run; and the role of capital accumulation, population growth, and technology in growth theory.

**Educational Objectives/Outcomes**

Upon completing this course, students will be able to:

1. Apply macroeconomics concepts to personal and managerial decision-making.
2. Illustrate how output is determined in the long run.
3. Describe how interest rates and inflation are determined in the long run.
4. Explain the determinants and consequences of inflation and unemployment in the long run.
5. Discuss the role of capital, population growth and technology in economic growth.
6. Compare and contrast endogenous and exogenous growth theory.
7. Demonstrate how macroeconomics tools can be used to examine contemporary policy issues.

**Prerequisites**

ECON 1950

**Co-requisites**

**Texts/Materials**

Mankiw, N. Gregory & William Scarth, Macroeconomics, Fourth Canadian Edition, Worth, 2011.

**Student Evaluation**

Assignments	0-30%
Quizzes	0-20%
Midterms	30-60%
Final exam	30-40%

## Course Topics

<ol style="list-style-type: none"> <li>1. Introduction <ul style="list-style-type: none"> <li>• Theory of model building</li> <li>• Measuring economic activity: GDP and GNP</li> <li>• Real GDP versus nominal GDP</li> </ul> </li> <li>2. Classical Theory: Output Determination in the Long Run <ul style="list-style-type: none"> <li>• Production function</li> <li>• Factor prices</li> <li>• Loanable funds market</li> </ul> </li> <li>3. Classical Theory: Money and Inflation <ul style="list-style-type: none"> <li>• Quantity theory of money</li> <li>• Inflation and interest rates</li> <li>• Costs of inflation</li> <li>• The classical dichotomy</li> </ul> </li> <li>4. Classical Theory: The Open Economy <ul style="list-style-type: none"> <li>• Savings and investment</li> <li>• Nominal and real exchange rates</li> <li>• Purchasing power parity</li> </ul> </li> <li>5. Unemployment <ul style="list-style-type: none"> <li>• Natural rate of unemployment</li> <li>• Real wage rigidity</li> <li>• Structural and frictional unemployment</li> </ul> </li> <li>6. Growth Theory: The economy in the Very Long Run <ul style="list-style-type: none"> <li>• The Neoclassical Solow Model</li> <li>• The role of technology in economic growth</li> <li>• Exogenous versus endogenous growth theory</li> </ul> </li> <li>7. Macroeconomic Policy Debates <ul style="list-style-type: none"> <li>• Stabilization policy</li> <li>• Government debt and budget deficits</li> </ul> </li> </ol>
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## Methods for Prior Learning Assessment and Recognition

As per TRU policy.
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**Attendance Requirements – Include if different from TRU Policy**

As per TRU policy.

**Special Course Activities – Optional**

**Use of Technology – Optional**