York University
Department of Economics
Faculty of Liberal Arts and Professional Studies
AP/ECON 2450 3.0
Intermediate Macroeconomic Theory II

Fall 2024

Instructor	Professor Etienne Lalé
Office	Vari Hall 1142
Contact	Email: elale@yorku.ca Please indicate "ECON2450" in the subject line of the email.
Lecture hours	Wednesdays 2:30pm - 5:30pm, at CLH C (Keele Campus)
Office hours	Wednesdays 10:30am - 12:30am, by appointment
Course web page	https://etiennelale.weebly.com/econ2450.html The course outline is posted on the above page. The YorkU eClass website will be used for posting announcements, lecture notes and solutions. Please consult it on a regular basis.
Teaching Assistance	Sharif Khan – Email: khansf@yorku.ca
Course Description	The purpose of this course is to introduce you to a set of topics and policy issues pertaining to the macroeconomy, and to provide you with the theoretical tools and foundations to understand them. The course will examine the problems of inflation, unemployment, and government deficits; consumption and savings in closed and open economy settings, credit market imperfections; as well as monetary policy issues, focusing on the role of expectations.
Textbook	There is no required textbook for this course. The slides and problem sets posted on the course web page should give you enough material to work with. You may find the following references useful to complement the lectures (any recent edition): ▶ Macroeconomics, by Olivier Blanchard and David R. Johnson; ▶ Macroeconomics, by Stephen D. Williamson.

Evaluation

Midterm Exam 1: 1 hour on September 18, 2024.

Midterm Exam 2: 2 hours on November 6, 2024.

Final Exam: 2.25 hours on December 5, 2024.

▶ The midterm exams will be held during class time. There will be no make-up exam for the midterms. For students that provide appropriate and timely documentation for missing a midterm, the weight will be transferred to the final exam.

▶ The final exam will be held at a date and location to be set by the Registrar's Office.

▶ The first midterm exam covers Chapter 1; The second midterm exam covers Chapters 2 and 3; The final exam covers Chapters 3, 4, and 5.

▶ A student who is absent from the final exam and requests deferred standing, must consult the Guidelines for Deferred Standing, available at: https://myacademicrecord.students.yorku.ca/deferred-standing. The date and time of the deferred exam will be set at a later date.

▶ Students who may require further extensions or accommodation will have to submit a formal petition to the Faculty.

▶ Marking and grading to be discussed only in writing, if at all.

Grading scheme

Let $M_{\text{midterm}\,1}$ denote your mark on the first midterm, $M_{\text{midterm}\,2}$ your mark on the second midterm, and M_{final} your mark on the final exam. The M_{exam}'s are numbers between 0 and 100. The overall mark, or numerical grade, denoted W, is given by:

$$W = \frac{25}{100}M_{\text{midterm}\,1} + \frac{35}{100}M_{\text{midterm}\,2} + \frac{40}{100}M_{\text{final}}.$$

The letter grade, denoted as G, is given by:

$$G = \begin{cases} \text{A+} & \text{if } W \geq 95 \\ \text{A} & \text{if } W \in [85, 95) \\ \text{B+} & \text{if } W \in [75, 85) \\ \text{B} & \text{if } W \in [70, 75) \\ \text{C+} & \text{if } W \in [65, 70) \\ \text{C} & \text{if } W \in [55, 65) \\ \text{D+} & \text{if } W \in [50, 55) \\ \text{D} & \text{if } W \in [45, 50) \\ \text{E} & \text{if } W \in [40, 45) \\ \text{F} & \text{if } W < 40 \end{cases}.$$

Prerequisites   AP/ECON 2400 3.0 (Intermediate Macroeconomic Theory I) or equivalent. I also strongly recommend that you review the material of AP/ECON 1530 3.0 and AP/ECON 1540 3.0 (Introductory Mathematical Economics I and II).

Topics outline

1. IS-LM models
    (a) The Keynesian multiplier
    (b) The budget deficit
    (c) The IS-LM model
    (d) The Mundell-Fleming (IS*-LM*) model
2. Labor markets
    (a) Perfect Competition
    (b) Union wage setting
    (c) Efficiency wages
    (d) Search
3. Intertemporal models
    (a) Budget constraints
    (b) Preferences
    (c) Applications
        i. Closed economy
        ii. Open economy
        iii. Credit market imperfections
4. Monetary policy
    (a) Theories of price determination
        i. Fixed vs. flexible prices
        ii. Predetermined prices
    (b) Dynamic (or time) consistency
        i. Commitment
        ii. Discretion
5. Political economy

Important course information

All students are expected to familiarize themselves with the following information, available on the Senate Committee web page (see https://www.yorku.ca/secretariat/policies/):

- Academic Honesty Policy and Procedures/Academic Integrity Website

- Course requirement accommodation for students with disabilities, including physical, medical, systemic, learning and psychiatric disabilities

- Student Conduct Standards

- Religious Observance Accommodation