

UNIVERSITY OF WATERLOO

Department of Economics

Economics 102 - Fall 2011

Introduction to Macroeconomics

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Location: DC 1351

Time: 10:30-11:20 MWF

Office Hours: Wed 11:45-1:15p or by appointment

1 Course Objectives

This course is a introduction to macroeconomics. The main goals of this course are to develop a good understanding of how economies operate at the aggregate level and the challenges they face at the national and international level. The course will also introduce important concepts in macroeconomics such as the determinants of output and employment, the causes and costs of inflation, the unemployment rate, interest rate, exchange rate, the role of government, the central bank and financial institutions and the importance of fiscal and monetary policy. Although this course will mostly focus on short-run fluctuations and closed economies, students will also be learn about the determinants of economic growth and issues related to the open-economy. We will, through various examples specific to the Canadian and other economies, apply our knowledge of theory to the understanding of actual events.

Your primary source of material for this course should be the book and the lecture notes. My lecture notes will be based on several sources, including the book and journal articles. Note that some material taught in class will not be included in the lecture notes; this is why it is **Strongly Recommended** that you attend class. The lecture notes will be posted on the Angel Network at <https://uwangel.uwaterloo.ca/uwangel/frameIndex.htm> prior to classes. You will need your Quest ID to login.

2 Textbooks

The main textbook for this course is **Principles of Macroeconomics, 5th Canadian Edition, by N. Gregory Mankiw, Ronald D Kneebone and Kenneth J McKenzie**. You can purchase a previous edition (4th edition) as there are no major differences between these two editions.

The student guide for this textbook **Mankiw, N. Gregory, et al, Principles of Macroeconomics, Study Guide, 5th Canadian Edition. Toronto: Nelson, 2012,** is optional.

You are also required to read the business section of one of the main national newspapers (National Post or Globe and Mail), particularly articles on macroeconomics, monetary and fiscal policy, and international trade.

3 Evaluation

- Final exam at the end of the term scheduled by the registrar (worth 50%). The final exam period for Fall Term 2011 is from December 8 to December 22. Students are expected to be available during this time. (See <http://www.registrar.uwaterloo.ca/exams/finalexams.html>).
- Two midterms (each worth 25%) held on:
 - **Midterm 1:** Friday October 7, 2011 from 4:30-6:00 pm (location to be announced).
 - **Midterm 2:** Friday November 4, 2011 from 4:30-6:00 pm (location to be announced).

If you miss a midterm due to illness and have valid medical documentation, the weight of the missed midterm will be shifted to the final. No make-up midterm will be provided and no new midterm will be rescheduled.

4 Lecture Topics

1. Introduction and Basic Concepts (Chapters 1 and 2)
 - What is Macroeconomics?
 - Thinking like an economist
 - Application: The role of the Bank of Canada and Monetary Policy
2. The Data of Macroeconomics and Why We Use Them (Chapters 5, 6 and 9 (only pages 192-201))
 - Determinants of National Income
 - Measuring the Cost of Living (Consumer Price Index)
 - Measuring Unemployment
 - Application: The Recent Performance of the Canadian, US and World Economy
3. Production and Growth (in the Long Run) (chapters 7 and 8)
 - Production and Growth
 - The Importance and Determinants of Savings and Investment
 - The Determinants of Economic Growth
 - Stylized Facts about Economic Growth
 - A Simple Growth Model
 - Application: Education, Health and Economic Growth

4. The Relationship between Money and Inflation (Chapters 10 and 11)

- The Monetary and Banking System
- Money and Inflation: What is the Relationship?
- The Costs of Inflation.
- Application: Inflation in Canada and the Inflation Target

5. Short-Run Economic Fluctuations

- Introduction to Economic Fluctuations (Chapters 14, 15 and 16)
- Aggregate Demand and Aggregate Supply
- Stabilization Policy - Monetary and Fiscal Policy
- Government Debt and Budget Deficits
- Application: Government Debt and Budget Deficits

5 Some Housekeeping Rules

In class, I expect everyone to behave in a professional manner and I expect the highest level of courtesy from each student.

1. All cell phones must be turned off prior to class. If a cell phone rings, the person will be asked to leave.
2. Students are allowed to use laptops in class but only to consult materials related to the class and not for any other reasons.
3. No private conversations, reading newspapers or any other activities that will disturb the class will be allowed. Questions, comments and discussions are highly encouraged.
4. Every student should know before hand the time and location of the midterms and the final exam.
5. Students may communicate with me by email. However, I have a preference for face to face discussions and questions and phone. If you are emailing me, please indicate clearly in the subject line that it is for Econ 102.
6. Midterm grades will be posted on UW-Ace. Final grades are issued by the registrar. For

6 Academic Integrity, Grievance, Discipline, Appeals, and Note for Students with Disabilities

6.1 Academic Integrity

In order to maintain a culture of academic integrity, members of the University of Waterloo community are expected to promote honesty, trust, fairness, respect and responsibility

6.2 Grievance

A student who believes that a decision affecting some aspect of his/her university life has been unfair or unreasonable may have grounds for initiating a grievance. Read **Policy 70 - Student Petitions and Grievances, Section 4**. This document can be found at <http://www.adm.uwaterloo.ca/infosec/Policies/policy70.htm>

6.3 Discipline

All students registered in the courses of the Faculty of Arts are expected to know what constitutes an academic offence, to avoid committing academic offences, and to take responsibility for their academic actions. When the commission of an offence is established, disciplinary penalties will be imposed in accord with Policy #71 (Student Academic Discipline). For information on categories of offences and types of penalties, students are directed to consult the summary of Policy #71 which is supplied in the Undergraduate Calendar (section 1; on the Web at http://www.adm.uwaterloo.ca/infoucal/UW/policy_71.html.) If you need help in learning how to avoid offences such as plagiarism, cheating, and double submission, or if you need clarification of aspects of the discipline policy, ask your TA or course instructor for guidance. Other resources regarding the discipline policy are your academic advisor and the Undergraduate Associate Dean.

6.4 Appeal

Students who believe that they have been wrongfully or unjustly penalized have the right to grieve; refer to Policy #70, Student Grievance, <http://www.adm.uwaterloo.ca/infosec/Policies/policy70.html>.

6.5 Note for students with disabilities

The Office for Persons with Disabilities (OPD), located in Needles Hall, Room 1132, collaborates with all academic departments to arrange appropriate accommodations for students with disabilities without compromising the academic integrity of the curriculum. If you require academic accommodations to lessen the impact of your disability, please register with the OPD at the beginning of each academic term.