

University of Waterloo
Department of Economics
ECON 102, Section 001
Introduction to Macroeconomics
Fall 2018
Tuesday and Thursday, 10:00 a.m. – 11:20 a.m.
Classroom: DC 1351

Instructor Information

Instructor: M. Vaughan

Office: HH 102

Office Hours: Wednesday 9:00 a.m. – 12:00 p.m., or by appointment.

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Webpage: <http://economics.uwaterloo.ca/mary-ann-vaughan>

Notes on office hours or contacting instructor

- When sending email, "Econ 102" must appear in the subject line and the message must include your full name and ID number.
- Please use email for administrative concerns only. I will be available during office hours, or by appointment, to discuss course material.

Course Outline

This course outline will be available at two locations for the duration of the term:

1. [Department of Economics website](#)
2. [LEARN website](#)

Course Description

This course provides an introduction to macroeconomic analysis relevant for understanding the Canadian economy as a whole. The determinants of national output, the unemployment rate, the price level (inflation), interest rates, the money supply and the balance of payments, and the role of government fiscal and monetary policy are the main topics covered.

Course Objectives

Upon completion of this course, students should be able to:

- Describe the basic macroeconomic variables.
- Understand the models that determine the basic macroeconomic variables.
- Distinguish between the long run and the short run.
- Understand how the government and the central bank can influence outcomes in the economy.
- Understand current macroeconomic events.

Required Text

- Parkin, M. and R. Bade, **Macroeconomics Canada In the Global Environment**, 10th Canadian Edition. Toronto: Pearson, 2019.

Optional Study Guide

- Cohen, Avi J., **Macroeconomics, Flex Text**. Toronto: Pearson, 2019.

Additional Resources Available on LEARN

The PPT overhead slides are posted on [LEARN](#) at: 1189, ECON 102, Fall 2018

- The LEARN site is down occasionally. Download the slides to your computer. Always be prepared!
- Students writing tests and exams are responsible for saving course materials on Learn before the access to their courses is shut off (normally on the first day of classes of the next term).

Notes from the UW Bookstore

ECON 102

Option 1: Macroeconomics FlexText plus MyLab Economics with Pearson eText (\$79.00)

ISBN: 9780135284667

Option 2: Macroeconomics (Loose leaf, binder Ready), MyLab Economics & FlexText

(\$110.00) ISBN: 9780135284674

Option 3: Macroeconomics (Paperback) Textbook, MyLab Economics & FlexText (\$149.00)

ISBN: 9780135284681

Course Outline

Part 1: Introduction

Chapter 1: What Is Economics?

Students are responsible for reading the material in Chapter 1 on their own. I will post some summary material on Learn.

- OMIT “Economists in the Economy” pgs. 12 – 13 (For testing purposes.)
- OMIT Appendix pgs. 15 – 25
- OMIT Mathematical Note pgs. 26 – 27

Chapter 2: The Economic Problem

- OMIT “Using Resources Efficiently” pgs. 37 – 39
- OMIT “Gains From Trade” pgs. 40 – 44

Part 2: Monitoring Macroeconomic Performance

Chapter 4: Monitoring the Value of Production: GDP

- OMIT “The Income Approach” pg. 92
- OMIT “The Standard of Living Across Countries” pg. 96
- OMIT “The Bottom Line” pg. 99
- OMIT Appendix pgs. 102 – 103
- OMIT Mathematical Note pgs. 104 - 105

Chapter 5: Monitoring Jobs and Inflation

- OMIT “The Involuntary Part-Time Rate” pg. 114
- OMIT “Alternative Measures of Unemployment” pg. 116
- OMIT “Chained Price Index for Consumption” pg. 124

Part 3: Macroeconomic Trends

Chapter 7: Finance, Saving, and Investment

- OMIT “The Ricardo-Barro Effect” pg. 175

Chapter 8: Money, the Price Level, and Inflation

- OMIT Mathematical Note pgs. 206 – 207

Chapter 9: The Exchange Rate and the Balance of Payments

- OMIT “Arbitrage, Speculation, and Market Fundamentals” pg. 222 – mid 224 (Do **NOT** omit The Real Exchange Rate, Price Levels and Money pg. 224)
- OMIT “Financing International Trade” pgs. 228 - 233

Part 4: Macroeconomic Fluctuations

Chapter 10: Aggregate Supply and Aggregate Demand

Chapter 11: Expenditure Multipliers

- OMIT “The Multiplier Process” pg. 279
- OMIT “Business Cycle Turning Points” pg. 280
- OMIT “The Multiplier and the Price Level” pgs. 281 - 285
- OMIT Mathematical Note pgs. 288 – 291

Chapter 12: The Business Cycle, Inflation, and Deflation

- OMIT “The Business Cycle” pgs. 298 – 302
- OMIT “The Phillips Curve” pgs. 312 – 313

Part 5: Macroeconomic Policy

Chapter 13: Fiscal Policy

Chapter 14: Monetary Policy

- OMIT “Loose Links and Long and Variable Lags” pgs. 359 – 360
- OMIT “Financial Crisis: Cure and Prevention” pgs. 361 - 363

Tentative Class Schedule

The following list is meant as a rough guideline. Short-term goals will be announced regularly.

Week	Date	Topic	Chapters
Week 1	Sept 6	The Economic Problem	2
Week 2	Sept 11 and 13	Measuring GDP and Economic Growth Monitoring Jobs and Inflation	4, 5
Week 3	Sept 18 and 20	Monitoring Jobs and Inflation Finance, Saving and Investment	5, 7
Week 4	Sept 25 and 27	Finance, Saving and Investment Money, the Price Level, and Inflation	7, 8
Week 5	Oct 2 and 4	Money, the Price Level, and Inflation	8
TERM TEST 1	THURSDAY, OCTOBER 4, 2018	In class time.	Covers Chapters 1, 2, 4, 5, 7

Week	Date	Topic	Chapters
Week 6	Oct 11	Money, the Price Level, and Inflation	8
Week 7	Oct 16 and 18	The Exchange Rate and the Balance of Payments Aggregate Supply and Aggregate Demand	9, 10
Week 8	Oct 23 and 25	Aggregate Supply and Aggregate Demand Expenditure Multipliers	10, 11
Week 9	Oct 30 and Nov 1	Expenditure Multipliers	11
TERM TEST 2	THURSDAY, NOVEMBER 1, 2018	In class time.	Covers Chapters 8, 9, 10
Week 10	Nov 6 and 8	The Business Cycle, Inflation, and Deflation Fiscal Policy	12, 13
Week 11	Nov 13 and 15	Fiscal Policy	13
Week 12	Nov 20 and 22	Monetary Policy	14
Week 13	Nov 27 and 29	Monetary Policy	14

Course Requirements and Assessment

The course grade will be based on two midterm exams and a final examination which will be held during the Official Examination Schedule. The breakdown is as follows:

Assessment	Chapters	Date of Evaluation	Weighting
Term Test 1	Ch 1, 2, 4, 5, 7	Thurs., Oct. 4, in class.	25%
Term Test 2	Ch 8 – 10	Thurs., Nov. 1, in class.	25%
Final Exam	Comprehensive	TBA (between Dec 6 – Dec. 21)	50%
Total			100%

Notes

- The format for both term tests and the final exam will be multiple choice questions.
- The term tests will be written in class time.
- Term test grades will be posted on Learn.
- The final exam period for Fall Term 2018 is December 6 to December 21 inclusive. Students are expected to be available during this time. Travel plans are not acceptable grounds for granting an alternative final examination time. (See [Registrar's Office Examinations and Related Matters](#))
- The date and time for the final exam will be determined by the Registrar's Office.
- The final exam schedule is posted online, will be announced in class, and posted on LEARN.
- Only the Registrar's Office can issue final grades

Examination Policy

Missing a Midterm Due to Illness During the Term

- Missing a midterm will automatically result in a grade of zero for that midterm. If the illness can be documented with a UW Verification of Illness Form (the only acceptable document), with approval you may transfer the weight of the missed midterm to the final exam. This remedy is a privilege and not a right.
- Immediately upon your return, please deliver to me a **hard copy** of your medical document.
- The midterm schedule is set and will not be changed for any reason.

Missing the Final Exam Due to Illness

- Missing the final exam is a very serious matter which automatically results in a grade of zero for the final exam and possibly a failing grade for the course. Please carefully read the Economics Department policy on deferred final exams for instructions.
- No deferred final exam will be provided for students who missed all the exams (including the final exam) in this course. [Deferred Final Exam Policy.](#)

Submission of Exam Papers

- Late submission of exam papers is not accepted and missed submissions will receive a grade of zero for whatever reason.
- Exam papers must be submitted in whole and on time in the exam room. Exam papers
 - (a) not submitted on time,
 - (b) submitted with missing pages,
 - (c) submitted elsewhere, with the exception of students with permission to write in the AS Office,
 - (d) or not received at allwill receive a grade of zero for whatever reason.

- It is the responsibility of students to ensure that they write exams in the location, date, and time assigned to their section. **Students writing exams in the wrong section will be assessed a 20% penalty on the final exam grade.** There will be no accommodation for possible differences in exam material or content.

Fee-Arranged Issues

Students are responsible for administrative matters concerning their course registration including fee arrangements. No make-up work or other remedies will be given for loss of access to LEARN and academic consequences arising from administrative issues with the Registrar's Office.

Late Work

N/A

Information on Plagiarism Detection

N/A

Electronic Device Policy

- **THIS IS A HANDHELD-DEVICE-FREE ZONE.**
- Turn off all handheld devices and put them away for the duration of the lecture.
- Laptop computers may only be used to view lecture material.
- Photographic devices are not permitted in class due to copyright and privacy issues.
- Audio or video recording devices are not permitted in class due to copyright and privacy concerns.

Attendance Policy

Class attendance is an integral part of the course. Although attendance is not formally taken, it is critical for understanding the course material. Students are responsible for all material covered whether they choose to attend lectures or not.

Classroom Protocols

- I do **NOT** lend my lecture notes to students for any reason.
- In order to maintain a learning environment in this classroom, I expect the highest level of courtesy and professional behavior from every student. In particular, be punctual and turn off all audible ringers on all devices during class.
- As a courtesy to others, no eating in class please. If you have coffee, water, etc., please dispose of your garbage when you leave the classroom.
- No private conversations in class will be tolerated

Institutional-required statements for undergraduate course outlines approved by Senate Undergraduate Council, April 14, 2009

Cross-listed course

Please note that a cross-listed course will count in all respective averages no matter under which rubric it has been taken. For example, a PHIL/PSCI cross-list will count in a Philosophy major average, even if the course was taken under the Political Science rubric.

Academic Integrity: In order to maintain a culture of academic integrity, members of the University of Waterloo are expected to promote honesty, trust, fairness, respect and responsibility. See the [UWaterloo Academic Integrity Webpage \(https://uwaterloo.ca/academic-integrity/\)](https://uwaterloo.ca/academic-integrity/) and the [Arts Academic Integrity Office Webpage \(http://arts.uwaterloo.ca/current-undergraduates/academic-responsibility\)](http://arts.uwaterloo.ca/current-undergraduates/academic-responsibility) for more information.

Discipline: A student is expected to know what constitutes academic integrity, to avoid committing academic offenses, and to take responsibility for his/her actions. A student who is unsure whether an action constitutes an offense, or who needs help in learning how to avoid offenses (e.g., plagiarism, cheating) or about “rules” for group work/collaboration should seek guidance from the course professor, academic advisor, or the Undergraduate Associate Dean. When misconduct has been found to have occurred, **including writing exams in a section that you are not registered in**, disciplinary penalties will be imposed under [Policy 71 – Student Discipline](#). For information on categories of offenses and types of penalties, students should refer to [Policy 71 - Student Discipline](#). For typical penalties check [Guidelines for the Assessment of Penalties \(http://www.adm.uwaterloo.ca/infosec/guidelines/penaltyguidelines.htm\)](http://www.adm.uwaterloo.ca/infosec/guidelines/penaltyguidelines.htm).

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](#). In addition, read [the Student Grievance Process](#) for the Faculty of Arts.

Appeals: A student may appeal the finding and/or penalty in a decision made under Policy 70 - Student Petitions and Grievances (other than regarding a petition) or Policy 71 - Student Discipline if a ground for an appeal can be established. Read [Policy 72 - Student Appeals](#).

Other sources of information for students

Academic integrity ([Arts Academic Integrity Office \(uWaterloo\)](#))

Accommodation for Students with Disabilities

Note for students with disabilities: The [AccessAbility Services office](#), 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 AS office at the beginning of each academic term.

Mental Health Support

All of us need a support system. The faculty and staff in Arts encourage students to seek out mental health supports if they are needed.

On Campus

- Counselling Services: counselling.services@uwaterloo.ca / 519-888-4567 xt 32655
- [MATES](#): one-to-one peer support program offered by Federation of Students (FEDS) and Counselling Services
- Health Services Emergency service: located across the creek from Student Life Centre

Off campus, 24/7

- [Good2Talk](#): Free confidential help line for post-secondary students. Phone: 1-866-925-5454
- Grand River Hospital: Emergency care for mental health crisis. Phone: 519-749-433 ext. 6880
- [Here 24/7](#): Mental Health and Crisis Service Team. Phone: 1-844-437-3247
- [OK2BME](#): set of support services for lesbian, gay, bisexual, transgender or questioning teens in Waterloo. Phone: 519-884-0000 extension 213

Full details can be found online at the Faculty of ARTS [website](#)

Download [UWaterloo and regional mental health resources \(PDF\)](#)

Download the [WatSafe app](#) to your phone to quickly access mental health support information

Territorial Acknowledgement

We acknowledge that we are living and working on the traditional territory of the Attawandaron (also known as Neutral), Anishinaabe and Haudenosaunee peoples. The University of Waterloo is situated on the Haldimand Tract, the land promised to the Six Nations that includes six miles on each side of the Grand River.

For more information about the purpose of territorial acknowledgements, please see the [CAUT Guide to Acknowledging Traditional Territory \(PDF\)](#).