

University of Waterloo
Department of Economics
ECON 102, Section 002
Introduction to Macroeconomics
Winter 2016
Monday and Wednesday, 8:30 a.m. – 9:50 a.m.
Classroom: STP 105

Instructor and T.A. Information

Instructor: M. Vaughan

Office: HH 102

Office Hours: Monday 10:30 a.m. – 12:00 p.m., Tuesday 2:00 – 3:30 p.m., or by appointment.

Phone: ext. 36825

Email: mvaughan@uwaterloo.ca

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, 9th Canadian Edition**. Toronto: Pearson, 2016.

Optional Study Guide

- Cohen, Avi J. and Harvey B. King, **Macroeconomics, Canada In the Global Environment Study Guide, 8th Canadian Edition**. Toronto: Pearson, 2013.

Additional Resources Available on LEARN

The lecture overhead slides are posted on [LEARN](#) at: 1161, ECON 102, Winter 2016

- 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

- Option 1: Macroeconomics (Paperback) Textbook bundle with, 8th ed Study Guide and MyEconLab (\$109.95 + GST) (Note: The paperback bundle at the Bookstore is a special price negotiated with the publisher. It is the same price as the loose-leaf package with myeconlab)

Students who will be taking both ECON 101 and 102 (this term or in a subsequent term) may want to get the combined Economics: Canada in the Global Environment which has both Microeconomics (ECON 101) and Macroeconomics (ECON 102). In that case, the UW Book Store also has the following editions of the same text package:

ECON 101 and 102

- Option 2: Economics 9th ed (Hardcover) Textbook bundle with 8ed Study Guide and MyEconLab (\$164.95 + GST),

In any case, buy only one of the two options above. The textbook is packaged with a free access code to MyEconLab (including e-textbook), and a free printed study guide. If you would like to purchase MyEconLab separately (with or without the e-textbook), please contact the UW Book Store.

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 Appendix pgs. 15 – 25
- OMIT Mathematical Note pgs. 26 – 27

Chapter 2: The Economic Problem

- OMIT “Using Resources Efficiently” pgs. 35 – 37
- OMIT “Gains From Trade” pgs. 40 – 43

Part 7: Monitoring Macroeconomic Performance

Chapter 20: Measuring GDP and Economic Growth

- OMIT “The Income Approach” pg. 470
- OMIT “The Standard of Living Across Countries” pg. 474
- OMIT Appendix pgs. 480 – 481
- OMIT Mathematical Note pgs. 482 - 483

Chapter 21: Monitoring Jobs and Inflation

Part 8: Macroeconomic Trends

Chapter 23: Finance, Saving, and Investment

- OMIT “The Ricardo-Barro Effect” pg. 555

Chapter 24: Money, the Price Level, and Inflation

- OMIT Mathematical Note pgs. 586 – 587

Chapter 25: The Exchange Rate and the Balance of Payments

- OMIT “Arbitrage, Speculation, and Market Fundamentals” pg. 602 – mid 604 (Do **NOT** omit The Real Exchange Rate pg. 604)
- OMIT “Financing International Trade” pgs. 608 - 613

Part 9: Macroeconomic Fluctuations

Chapter 26: Aggregate Supply and Aggregate Demand

Chapter 27: Expenditure Multipliers

- OMIT “The Multiplier and the Price Level” pgs. 661 - 665
- OMIT Mathematical Note pgs. 668 – 671

Chapter 28: The Business Cycle, Inflation, and Deflation

- OMIT “The Business Cycle” pgs. 678 – 682
- OMIT “The Phillips Curve” pgs. 692 – 693

Part 10: Macroeconomic Policy

Chapter 29: Fiscal Policy

Chapter 30: Monetary Policy

- OMIT “Extraordinary Monetary Stimulus” pgs. 741 – 743

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	Jan 4 and 6	The Economic Problem Measuring GDP and Economic Growth	2, 20
Week 2	Jan 11 and 13	Measuring GDP and Economic Growth Monitoring Jobs and Inflation	20, 21
Week 3	Jan 18 and 20	Finance, Saving and Investment	23
Week 4	Jan 25 and 27	Money, the Price Level, and Inflation	24
Week 5	Feb 1 and 3	Money, the Price Level, and Inflation The Exchange Rate and the Balance of Payments	24, 25
MIDTERM EXAM	FRIDAY, Feb. 5, 2016	4:30 – 6:00 p.m.	Covers Chapters 1, 2, 20, 21, 23

Week	Date	Topic	Chapters
Week 6	Feb 8 and 10	The Exchange Rate and the Balance of Payments	25, 26
		Aggregate Supply and Aggregate Demand	
Week 7	Feb 22 and 24	Aggregate Supply and Aggregate Demand	26
Week 8	Feb 29 and Mar 2	Expenditure Multipliers: The Keynesian Model	27
Week 9	Mar 7 and 9	Canadian Inflation, Unemployment, and the Business Cycle	28
MIDTERM EXAM	FRIDAY, Mar. 11, 2016	4:30 – 6:00 p.m.	Covers Chapters 24, 25, 26
Week 10	Mar 14 and 16	Fiscal Policy	29
Week 11	Mar 21 and 23	Fiscal Policy Monetary Policy	29, 30
Week 12	Mar 28 and 30	Monetary Policy	30

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
Midterm 1	Ch 1, 2, 20, 21, 23	Friday, Feb. 5, 4:30 – 6:00	25%
Midterm 2	Ch 24 – 26	Friday, Mar. 11, 4:30 – 6:00	25%
Final Exam	Comprehensive	TBA (between Apr. 8 – 23)	50%
Total			100%

Notes

- The format for both midterms and the final exam will be multiple choice questions.
- The midterm tests will be written outside of class time.
- Midterm grades will be posted on Learn.
- The final exam period for Winter Term 2016 is April 8 to April 23 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

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 1401, 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.