

**UNIVERSITY OF WATERLOO**  
**Department of Economics**  
**Economics 102-003 - Introduction to Macroeconomics**  
**1:00-2:20 T TH – DC1351**  
**Winter 2012 (1121)**

**E. Lau**

HH 103, ext. 33560 ; email: [elau@uwaterloo.ca](mailto:elau@uwaterloo.ca)

For lecture notes, study questions, course announcements and quizzes, please check out the D2L course web for Econ 102 (Lau).

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**Course Objectives**

This course is intended to help you develop a personal understanding of the basic principles and functioning of the Canadian macro economy. Topics include an introduction to the determination of national income, employment, unemployment, the price level, interest rates, the exchange rate, and the nature and the role of both monetary and fiscal policies. At the end of the course, we hope that you will better understand and appreciate the ubiquitous influence of economic issues in your everyday life.

**Text**

Macroeconomics, by Mankiw, Kneebone, McKenzie and Rowe, 5<sup>th</sup> Edition. Note that this edition is in paperback. Study Guide to accompany the text is recommended but optional. If you are able to use the index to set up your own reading assignments, an older edition of the text may work for you too.

**Examinations**

All examinations in the course are in multiple choice formats. **Locations TBA.**

A) 2 Departmental scheduled mid-term tests:	<b>January 27 Friday (4:30-5:30)</b>	20%
	<b>March 2 Friday (4:30-5:30)</b>	20%
B) Final Examination (covers all material)		<u>60%</u>
	<u>Total</u>	<u>100%</u>

\* There are no deferred or make-up term tests. If you miss a test due to illness, please remit a *valid medical* documentation to E. Lau for approval. Once approved, you may shift the weight of ONLY ONE test to the final exam. We assess students throughout the term. Students without a valid approval or have already missed one term test will receive a definitive mark of ZERO in that missed test. While we are sympathetic, students continuously having personal problems or are ill throughout the term are advised to drop and retake the course when they are all better.

Marks will be posted during the two classes immediately following the term tests. It is the responsibility of each student to check their term test grades when they are posted in class. With limited resources, **we regret that marks cannot be sent out to individuals via e-mail or by phone.**

**Consultation**

Students are encouraged to discuss their questions or problems about the course/course materials with me in person during the term office hours, Tuesdays, 2:30 – 3:30 PM; Wednesdays 9:30 – 11:30 AM, and during tutorials. Other times can be arranged by appointments. Group consultations are most welcomed. My office is located in Hagey Hall room 103, extension 33560.

## Lecture Topics and Readings

### I. Introduction ( Chapter 1 to 3 )

1. What is macroeconomics
2. Canada's Economic Goals
3. The Ten Principles of Economics
4. Positive vs normative analysis (p.30)
5. Economic Models (Chapter 2) - The Circular Flow Diagram
6. The Production Possibility Curve ( Chapter 2,3)- Opportunity cost and Comparative advantage.

### II. The Market Forces of Supply and Demand (Independent Studies Chapter 4- No lecture)

### III Macroeconomics Data

1. Measuring a Nation's Income (Chapter 5)
2. Measuring the Cost of Living (Chapter 6)

### IV The Real Economy in the Long Run

1. Production and Growth (Chapter 7)
2. Saving, Investment, Financial Markets and the Government Budgets (Chapter 8)

**January 27 Friday 4:30 to 5:30 - Departmental Scheduled Term Test #1, Location TBA**  
**General inclusion - Chapters 1, 2, 3, 5, 6, 7, 8 and lectures. Please note that a more specific focus of Test 1 will be posted on the course web on D2L at least one week before the test.**

3. Measuring Unemployment (Chapter 9)
4. The Monetary System and Monetary Policy (Chapters 10, 15 only pages 367-371 for now)
5. Inflation: Money Growth and Inflation (Chapter 11)

**March 2 Friday 4:30 to 5:30 - Departmental Scheduled Term Test #2, Location TBA**  
**General inclusion - Chapters 8, 9, 10, 11, 15 (p.367-371) and lectures. Please note that a more specific focus of Test 1 will be posted on the course web on D2L at least one week before the test.**

### V. Open Economy Macroeconomics

1. Exchange Rates and Balance of Payments (Chapter 12 and lecture notes)

### VI. Short-run Economic Fluctuations

1. Aggregate Demand and Aggregate Supply (Chapter 14)
2. The Influence of Monetary and Fiscal Policy (Chapter 15 and lecture notes)

**Note on avoidance of academic offences:** 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 (Student Academic Discipline) which is supplied in the Undergraduate Calendar (section 1; on the Web at <http://www.adm.uwaterloo.ca/infosec/Policies/policy71.htm>). 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 course instructor for guidance. Other resources regarding the discipline policy are your academic advisor and the Undergraduate Associate Dean.

**Note for students with disabilities:** The Office for Persons with Disabilities (OPD), located in NH1132, 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 the term.

**Final Examination Period** Students are expected to be available during the full examination time period. Travel plans are not acceptable grounds for granting an alternative final examination time.

