

University of Waterloo
Department of Economics
Economics 102 (Section 005) – Introduction to Macroeconomics
Winter 2012

Instructor: Nafeez Fatima

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Office Hours: 12.30 pm to 3.30 pm on Fridays (other times by appointment only).

Lecture time and Location: Thursdays from 6.00 pm to 8.50 pm in DC 1351.

Course Objectives:

Macroeconomics is the study of overall or aggregate performance of an economy including growth in incomes, changes in the overall level of prices and the unemployment rate. This course will introduce students to the basic concepts and theories in macroeconomics. The focus of this course is to understand the key macroeconomic variables such as gross domestic product (GDP), inflation, unemployment rate, nominal and real interest rate, savings, investment, and exchange rate and how these variables are influenced by both monetary and fiscal policies of the government. The course will cover both short run fluctuations in the economy (business cycles) and long run trends (economic growth). The macroeconomic theories will be used to understand the workings of different economies of the world with special emphasis on Canadian economy. After completion of this course, the students will learn how macroeconomic models are build to explain the economy, the relationships among major macroeconomic variables in simple models; be able to make distinction between short run and long run; and finally evaluate the nature and impacts of economic problems and policies.

Required Textbook:

Mankiw, Gregory N., Ronald D. Kneebone, Kenneth J. McKenzie and Nicholas Rowe, *Principles of Macroeconomics*, 5th Canadian Edition. Toronto: Nelson, 2011.

Recommended Study Guide:

Mankiw, N. Gregory, et al, *Principles of Macroeconomics, Study Guide*, 5th Canadian Edition. Toronto: Nelson, 2011.

Students can also use the 4th edition of the textbook and the study guide.

Companion website:

<http://www.mankiw5e.nelson.com>

Resources:

Course related materials are posted on Learn at:

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It is highly recommended that students attend the lectures and read the textbook. Lecture notes are provided as a supplement to the text book.

The content of the exams will be announced in class and on Learn. Students are responsible for visiting this site frequently.

Additional Help:

There is a tutorial service (Economic Clinic) offered by Department of Economics to assist students with core courses in Economics: Econ101, Econ 102, Econ 201, Econ 202 and Econ 211. For time and location for the clinic visit the following webpage: <http://www.economics.uwaterloo.ca/fac-Van%20de%20Waal.html>

Course Evaluation:

Student evaluation for this course consists of two midterm exams and a final exam. Final exam will be comprehensive; it will include all materials covered during the term. The final exam date will be announced by the Registrar's Office. The final exam period for Winter 2012 term is from April 9th to April 21. Students are expected to be available during this time. An alternative final exam time is not allowed on the ground of travel plans. See the following webpage for details: <http://www.registrar.uwaterloo.ca/exams/finalexams.html>

The exam schedule is:

Exam	Date	Time	Room location	Weight
Exam 1	Friday, January 27th	4.30 pm to 6.00 pm	TBA	25%
Exam 2	Friday, March 3rd	4.30 pm to 6.00 pm	TBA	25%
Final	TBA	TBA	TBA	50%

Policy for Missed Exams:

No make-up exams will be provided for this course. Students who do not have a relevant medical certificate will receive a mark of zero on any missed exam and their final grade will be assigned in accordance with the formula specified above. For students who have valid medical certificate (approved by the instructor), the weight of the missed exam will be transferred to the final exam. Students are advised to notify the instructor in person about the missed exam as soon as they are better. E-mail notification about the missed exam is not accepted. For policy regarding missed final exam, visit the following webpage:

<http://www.economics.uwaterloo.ca/DeferredExams.html>

Grades:

Exam marks will be posted on Learn. Posting grades in public places or sending grades by e-mail are prohibited by university regulations.

Note:

Regarding e-mail communication, students should use the university e-mail address (n2fatima@uwaterloo.ca). When sending an e-mail, write Econ 102 on the subject line and include your name and student ID number.

Topics Covered:**PART 1: INTRODUCTION**

Chapter 1 Ten Principles of Economics

PART 3: THE DATA OF MACROECONOMICS

Chapter 5 Measuring a Nation's Income

Chapter 6 Measuring the Cost of Living

PART 4: THE REAL ECONOMY IN THE LONG RUN

Chapter 7 Production and Growth

Chapter 8 Saving, Investment, and the Financial System

Chapter 9 Unemployment and Its Natural Rate

PART 5: MONEY AND PRICES IN THE LONG RUN

Chapter 10 The Monetary System

Chapter 11 Money Growth and Inflation

PART 6: THE MACROECONOMICS OF OPEN ECONOMIES

Chapter 12 Open-Economy Macroeconomics: Basic Concepts

Chapter 13 A Macroeconomic Theory of the Open Economy

PART 7: SHORT-RUN ECONOMIC FLUCTUATIONS

Chapter 14 Aggregate Demand and Aggregate Supply

Chapter 15 The Influence of Monetary and Fiscal Policy on Aggregate Demand

Chapter 16 The Short-Run Trade off between Inflation and Unemployment

Tentative Class Schedule and Reading List:

****This class schedule is tentative. There may be addition or slight modification in this schedule given the pace of the class**.**

Week	Date	Lecture Topics & Related Readings
1	January 5	Ten Principles of Economics (chapter 1) & Measuring a Nation's Income (chapter 5)
2	January 12	Measuring a Nation's income (chapter 5)
3	January 19	Measuring a Nation's income (chapter 5) Measuring the Cost of Living (chapter 6)
4	January 26	Measuring the Cost of Living (chapter 6) Production and Growth (chapter 7) & Review for the exam
4	January 27	Midterm Exam 1 – Chapters 1, 5 & 6
5	February 2	Production and Growth (Chapter 7) & Saving, Investment and Financial System (Chapter 8)
6	February 9	Saving, Investment and Financial System (chapter 8) & Unemployment and its Natural Rate (chapter 9)
7	February 16	Unemployment and its Natural Rate (chapter 9) & The Monetary System (chapter 10)
8	February 23	No class- Reading week
9	March 1	Money Growth and Inflation (chapter 11) & Review for the exam
9	March 2	Midterm Exam 2 – Chapters 7, 8, 9, 10 & 11
10	March 8	Open-Economy Macroeconomics: Basic Concepts (chapter 12)
11	March 15	A Macroeconomic Theory of the Open Economy(chapter 13)
12	March 22	Aggregate Demand and Aggregate Supply (chapter 14)
13	March 29	The Influence of Monetary and Fiscal Policy on Aggregate Demand (chapter 15) & Review

Notes on Avoidance of Academic Offences:

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.

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, <http://www.adm.uwaterloo.ca/infosec/Policies/policy70.htm>

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, 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, <http://www.adm.uwaterloo.ca/infosec/Policies/policy71.htm>

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, <http://www.adm.uwaterloo.ca/infosec/Policies/policy72.htm>

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 each academic term.