

University of Waterloo
Department of Economics
Econ 102 (Section 001)
Introduction to Macroeconomics
Winter 2020
2:30-3:50 pm, MW, DC 1350

Instructor Information

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Course Description

This course is an introduction to macroeconomics. The main goals of this course are to provide a good understanding of key macroeconomic concepts and aggregates, the interaction between different agents and sectors in the economy, how economies operate at the aggregate level, and the challenges policymakers face when setting policy.

The course will introduce important concepts in macroeconomics such as the determinants of output and employment, the causes and costs of inflation, the types and reasons for unemployment, the role of government, the central bank and financial institutions in the economy, the determinants of the exchange rate and the importance of fiscal and monetary policy.

Although this course will mostly focus on short-run fluctuations and closed economies, students will also learn about the determinants of economic growth and issues related to the open-economy. We will apply the concepts learned in class to understand macroeconomic events in Canada and around the world.

Students are strongly encouraged to attend all lectures, participate in class discussions, and attempt the quizzes and sample questions that will be posted on LEARN. These quizzes and sample questions will not be graded, but they will be discussed in class. Knowledge of basic algebra will be useful for this course.

Lecture notes and readings

I will make copies of my lecture notes available on UW-LEARN. In addition to the lecture notes and book chapters, there are several required readings for this class. I will post these readings on LEARN throughout the term, and I will let you know which readings are compulsory or not. The lecture notes

on LEARN are your primary source of material for the course. The textbook will be used to supplement the slides posted on LEARN.

Textbooks

The textbook for this course is Macroeconomics: Sixth Canadian Edition, by N.G. Mankiw, W.M Scarth and J-P Lam. This E-book [MSL] can be purchased at

<https://store.macmillanlearning.com/ca/product/Loose-leaf-Version-for-Macroeconomics-Canadian-Edition/p/1319115594>

There is also a study guide and various supplements for the textbook. Buying the online study guide and supplements is optional as I will provide many practice questions, quizzes, and examples on LEARN.

You are also encouraged to read the business section of one of the leading national newspapers (National Post or Globe and Mail), particularly articles on macroeconomics, monetary and fiscal policy, and international trade or a generalist magazine such as The Economist.

Evaluation

Midterm 1: Monday, February 10, 2020, from 2:30-3:50 pm (in class) – Worth 20% of the final grade

Midterm 2: Monday, March 9, 2020, from 2:30-3:50 pm (in class) – Worth 20% of the final grade

Final exam - scheduled by the registrar at the end of the term – Worth 60% of the final grade

The final exam period for Winter Term 2020 is from April 8 to April 25. Students are expected to be available during this time.

If you miss a midterm due to illness and have a valid verification of illness, the weight of the missed midterm will be shifted to the final exam. No make-up midterm will be provided, and no new midterm will be rescheduled. For example, if you miss one midterm and you have a valid VIF, the weight on your final exam will be 80 percent instead of 60 percent.

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.

Lecture Topics and Readings

Lecture notes and readings will be posted before each class on UW LEARN (<https://learn.uwaterloo.ca>). You are required to read ahead all the lecture notes and required materials. It will be easier for you to follow the class if you read the lecture notes before coming to class. Below is a list of topics I will cover in class.

1 Introduction and basic concepts?

- What is macroeconomics?
- What do macroeconomists do?
- What tools do macroeconomists use?

Readings: Lecture notes chapter 1 and MSL chapter 1,

2 The Data of Macroeconomics and Why We Use Them

- Gross Domestic Product: determinants and measurement
- The consumer price index and inflation
- The unemployment rate and the LFS

Readings: Lecture notes chapters 2a, 2b, and 2c and MSL chapter 2

3 The Canadian Financial System

- Financial markets and financial intermediaries: Why are they important?
- Banking and financial system in Canada
- Financial crises and the financial system

Readings: Lecture notes chapter 3, MSL chapter 4 (section 4.2), chapter 18

4 Money and inflation

- What is money?
- Why is money special as an asset?
- What are the costs of inflation?

Readings: Lecture notes chapter 4, MSL chapters 4 (section 4.1) 5 (section 5.1, 5.2, 5.3, 5.5, 5.6)

5 **Monetary Policy and the Bank of Canada**

- Role and functions of the Bank of Canada
- Instrument and implementation of monetary policy in Canada
- Transmission of monetary policy in Canada

Readings: Lecture notes chapter 5, MSL chapter 4 (sections 4.3)

6 **The Government and Fiscal Policy**

- Government's revenue and expenditure
- Public debt and budget balance
- Fiscal policy in Canada

Readings: Lecture notes chapter 6, MSL chapter 17 (sections 17.1 – 17.4)

7 **Unemployment and The Labour Market**

- Demand and supply of labour
- Categories of unemployment
- Causes of unemployment

Readings: Lecture notes chapter 7, MSL chapter 7

8 **Aggregate Demand and Aggregate Supply: Monetary and Fiscal Policy**

- Facts about business cycles
- Aggregate demand and aggregate supply model
- Interactions between monetary and fiscal policy

Readings: Lecture notes chapter 8, MSL chapter 10

9 **The Exchange Rate and the Balance of Payments**

- Foreign exchange market and exchange rate policy
- Balance of payments
- Open-economy monetary and fiscal policy

Readings: Lecture notes chapter 9, MSL chapter 6 (sections 6.1, 6.3)

10 **Economic Growth**

- Stylized facts about economic growth
- Technology and economic growth

Readings: Lecture notes chapter 10

Policy on Missed Tests and Assignments and Late Work

There are no assignments for this course. Students who miss a midterm and who do not provide a relevant medical certificate will receive a mark of zero. If you miss a midterm and have a relevant medical certificate, the weight of the missed midterm will be automatically transferred to the final exam. You cannot pass the course if you write only the midterms.

You should send your verification of illness (VIF) within 48 hours of missing a midterm or final. If you cannot physically present your VIF, you can take a picture or scan and send an electronic copy within 48 hours. However, you will need to submit a paper copy once you are back on campus and in class

Policy of Remarking Tests

If you want your midterm remarked, all requests must be submitted to me within one week of receiving the grade in question. In your request, you must indicate the reasons why you want your midterm to be regraded. Note that if you want your midterm regraded, I will remark the entire piece of work. Your grade may go up, down or stay the same as a result of this.

Information on Plagiarism Detection

I do encourage collaborations on assignment. However, each student must submit her/his assignment. No photocopies are allowed. If you are working with other people, you must clearly indicate at the top of your assignment the names of the persons with whom you have collaborated. As there is no paper requirement for this course, I will not use the TurnItIn software.

Electronic Device Policy

Students are allowed to use their laptops during class to take notes, view the lecture notes or online readings. No other use of the laptop is allowed. Audio or video recording devices are not permitted in class due to copyright and privacy issues. When entering the classroom, you should turn off the ringer on your cell phone. As a courtesy to the instructor and other people, please refrain from using your laptop for any other purpose than lecture notes or taking notes.

Attendance Policy

Class attendance is strongly encouraged and recommended for this course. The midterms and the final exam may cover materials that will be discussed only in class. Please arrive on time and refrain from having personal conversations in class. Each student should behave professionally and be polite to other people in the class.

Note on the scheduling of midterms and religious holidays

If a midterm falls on the day of a religious holiday that is not observed by the University and you anticipate this to be a problem, you must consult with the associate dean of the faculty of Arts regarding other arrangements. You have 1 week after the announcement of the date of the midterm/exam to make a request of rescheduling based on these grounds (i.e. you have one week after the first class for midterms). This is the University's policy.

Economics Department Deferred Final Exam Policy

Deferred Final Exam Policy can be found at <https://uwaterloo.ca/economics/undergraduate/resources-and-policies/deferred-final-exam-policy>

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 community are expected to promote honesty, trust, fairness, respect and responsibility. See the [UWaterloo Academic Integrity Webpage](#) and the [Arts Academic Integrity](#) webpage for more information.

Discipline

A student is expected to know what constitutes academic integrity to avoid committing academic offences and to take responsibility for his/her actions. A student who is unsure whether an action constitutes an offence, 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. For information on categories of offences and types of penalties, students should refer to [Policy 71, Student Discipline](#). For typical penalties, check the [Guidelines for the Assessment of Penalties](#).

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](#). When in doubt, please be certain to contact the department's administrative assistant who will provide further assistance.

Appeals

A decision made or penalty imposed under Policy 70, Student Petitions and Grievances (other than a petition) or Policy 71, Student Discipline may be appealed if there is a ground. A student who believes he/she has a ground for an appeal should refer to [Policy 72 - Student Appeals](#).

Accommodation for Students with Disabilities

Note for students with disabilities: The [AccessAbility Services office](#), located on the first floor of the Needles Hall extension (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, 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: <mailto:counselling.services@uwaterloo.ca>/ 519-888-4567 ext. 32655
- [MATES](#): one-to-one peer support program offered by the 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 helpline 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.