



## Department of Economics Course Outline

<b>Course:</b>	Economics 203 [Principles of Macroeconomics]	<b>Term:</b>	Spring 2010
<b>Time:</b>	TR 18:00 – 20:50	<b>Section:</b>	21
<b>Instructor:</b>	Ann Spehar	<b>Place:</b>	ST 143(subject to change)
<b>Office:</b>	SS 417	<b>Telephone:</b>	403 220 7597
<b>Office Hours:</b>	TR 16:00 – 17:00 or by appointment in SS 445	<b>E-mail:</b>	aospehar@ucalgary.ca

### Course Content and Objectives

Macroeconomics is the study of aggregates in an economy. The focal point of macroeconomics is economic growth. The primary problems that determine economic growth relate to inflation and unemployment. Fiscal and monetary policies are utilized as corrective measures for achieving price level stability and growth in a market economy.

Macroeconomics emphasizes the overall view of the economy and macroeconomic issues. Major topics of study include production possibilities, theory of supply/demand, market institutions, national income accounting, classical/neoclassical philosophy, aggregate supply-aggregate demand analysis, inflation, unemployment, economics investment/growth, specialization and trade, foreign exchange rates and money and banking.

### **Topical Outline for Course:**

- Nature and methodology of economics
- Supply and demand analysis
- Comparative economic systems
- Global economy
- National income and accounting measures
- Unemployment and inflation
- Monetary / Banking system
- Role of government in the economy
- Fiscal and monetary policy
- Keynes, classical, and supply side economics

**Learning Outcomes:**

1. Define the characteristics of a market system. Understand the limited nature of government in a market system. Address the four fundamental questions in an economy.
2. Understand the significance of the decision makers in both private and public sectors.
3. Introduce, understand, and apply the concepts of specialization and trade, foreign exchange rates, appreciation and depreciation of the dollar and trade agreements.
4. Define national income accounting. Define GDP. Understand the methods and calculations.
5. Measure economic growth, unemployment, inflation, and understand the phases of a business cycle. Define the types of unemployment and inflation.
6. Understand the concept of an aggregate expenditure model. Distinguish between average propensities and marginal propensities. Define and calculate investment decisions. Define equilibrium real GDP in a private closed economy.
7. Expand the concept of the aggregate expenditures model from a private closed economy to a mixed economy and a mixed open economy. Define, understand, calculate and state the effects the multiplier. Distinguish between an inflationary gap and a recessionary gap.
8. Understand the concepts of aggregate demand and aggregate supply and the levels of prices and real GDP's.
9. Understand the measures that define fiscal policy. Identify expansionary fiscal policy and contractionary fiscal policy specific to the business cycle.
10. Understand the functions and the categories of money. Introduce the functions and features of the Canadian Reserve System.
11. Understand the creation of demand deposits and their effects on the single bank and the commercial banking system. Define and utilize the money multiplier. Calculate excess reserves and total demand creation.
12. Understand the concepts of the discount rate, the prime interest rate, the strengths of monetary policy and the contraction of the money supply.

**Textbook(s):**

*Required:* Mankiw et al. *Principles of Macroeconomics*, 4<sup>th</sup> Canadian edition. Thomson Nelson. + Aplia Software Kit (sold together)

*Optional:* Study Guide for above.

**Book(s) on Reserve:** None.

**Blackboard:** This course will make use of Blackboard – students who are registered in the course can log on at <http://blackboard.ucalgary.ca/webapps/login>. Please note that Blackboard features a class e-mail list that I will use. It is your responsibility to ensure that Blackboard uses the e-mail address of your choice. The default is your University of Calgary e-mail address.

**Course Outline :** This course focuses on the principle that “markets are usually a good way to organize economic activity”. (Some of the topics listed below may be added or deleted depending on time constraints.)

- I. Introduction to Economics and the Market Economy  
The nature and Methods of Economics; Scarcity and the Economizing Problem  
Production possibilities frontier and economic systems.  
The supply/ Demand model
- II. The Macroeconomics Model and Fiscal Policy  
National Income Accounting  
Growth, Business cycles, Unemployment, and Inflation  
The aggregate Expenditure model and The aggregate Demand / supply model  
Fiscal Policy
- III. The Monetary System  
Money and the Banking System  
The Banking System and The Creation of Money  
The Monetary Policy  
Money, Interest, and Macroeconomics Equilibrium
- IV Alternatives Views and Macroeconomics Policy  
The Philips Curve and the Rational Expectations Theory  
Contrasting the different schools of Thoughts

#### **Grade Determination and Final Examination Details:**

4 assignments (using Aplia), of which the 3 best will count	20 %
Midterm Examination: Thursday, June 3, 2009	30%
Final Examination	50%

#### Assignments:

1. In order to complete assignments in this course, you will be required to access the Aplia website at <http://econ.aplia.com>. Please register on the website within the first week of classes.
2. Due dates for the assignments will be announced on the Aplia site during the first week of the semester.
3. Course material dealing with a particular assignment will typically be covered in class at least two days before the assignment is due; thus, assignments can be completed at any time up to and including the due date. Only the best three assignments will count towards your

final mark. Given these factors, only situations where someone can document illness or domestic affliction for an extended period (i.e., the entire 2 days prior to the due date) would possibly warrant shifting the assignment weight to the final exam. Furthermore, technical problems can be expected to occur sometimes with computer systems and internet availability, so it may be a good idea to not wait until the last minute to submit your assignment. Technical problems will typically not justify shifting the assignment weight to the final exam.

4. Using Aplia, you will be able to complete practice problem sets prior to each assignment. In the practice problem sets, you will obtain immediate feedback as to whether you have answered a question correctly. In many cases you will be provided with an explanation if you have not answered correctly. Your results in the practice problem sets are not counted or reported to the instructor. It is strongly recommended that you do the practice problems related to a particular assignment prior to completing the assignments.
5. Emails regarding Aplia should be directed towards the providers of Aplia, or to the teaching assistants (TAs), who will be assigned to this course.

#### Examinations:

1. Examinations will consist of multiple choice questions.
2. The midterm examination will be held during the lecture time. **The exam must be completed during the specified time. Extra time will not be given for any reason.**
3. The final examination will last for two hours and will be scheduled by the Registrar. **The exam must be completed during the specified time. Extra time will not be given for any reason.**
4. The use of a non-programmable calculator during tests and examinations is permitted. **The use of graphing calculators, cell phones, and computers is not permitted.**

Assignments, the midterm exam, and the final exam are marked on a numerical (percentage) basis and then converted to letter grades. The course grade is then calculated using the weights indicated above. As a guide to determining standing, these letter grade equivalences will generally apply:

A+	97 – 100	B	79 - 83	C-	62 - 66
A	92 – 96	B-	76 - 78	D+	57 - 61
A-	89 – 91	C+	73 - 75	D	50 – 56
B+	84 - 88	C	67 - 72	F	0 – 49

**Academic Honesty:**

You are expected to be familiar with the College's policies on academic honesty. For this class, in particular, cheating of any kind on exams will not be tolerated. The penalty for cheating may be a score of zero for the exam or, depending on circumstances, a failing grade for the course. Unless otherwise noted, the exam will be closed-book and closed-notes. Use of notes or other aids or any communication about the exam with another student who (1) has taken it, (2) is taking it, or (3) will be taking it is absolutely prohibited.

**Common Courtesies:**

If you cannot avoid being late, please enter discreetly. If you carry a cell phone, please silence it (or turn it off) during all class sessions.

**Disabilities Statement:**

If you qualify for accommodations because of a disability, please submit to me a letter from The Disabilities Resource Center in a timely manner so that your needs may be addressed.

Time extensions for exams must be approved by me prior to the exam. If you have not talked to me personally prior to the exam you will not be granted an extension.

**Notes:**

1. Students should be aware that no "make-up" midterms will be given. Any student who finds it necessary to miss the midterm must notify the instructor in advance and produce a valid medical certificate or other required documentation in order to have the weighting adjusted. This adjustment will result in the final exam counting for 80% of the final grade and the Aplia assignments counting for 20% of the final grade. Note that deferred final examinations may contain short/long answer questions. Also, deferred final examinations do not have to cover the same material or have the same format as the regular final examination.
2. Examinations will not be given prior to the scheduled date.
3. Students should be aware of the academic regulations outlined in The University of Calgary Calendar.
4. Students seeking reappraisal of a piece of graded term work should discuss their work with the instructor *within 7* days of the work being returned to class. However, the earliest that grades will be discussed will be two days after the return of an assignment or examination.
5. Students will be responsible for all material listed on the course outline, regardless of whether or not the material has been covered in class, unless the instructor notifies the class that the material will not be covered.
6. Please note that the following types of emails will receive no response: emails not addressed to anyone in particular; emails where the recipient's name is not spelled correctly; anonymous emails; emails which do not specify the course and section in which you are registered; and, emails involving questions that are specifically addressed on the course outline.

7. It is the student's responsibility to request academic accommodations. If you are a student with a documented disability who may require academic accommodation and have not registered with the Disability Resource Centre, please contact their office at 220-8237. Students who have not registered with the Disability Resource Centre are not eligible for formal academic accommodation. You are also required to discuss your needs with your instructor no later than seven (7) days after the start of this course.

Students' Union Vice-President Academic:

Alyssa Stacy

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Students' Union Faculty Representative (Arts)

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E-mail [socialscirep@su.ucalgary.ca](mailto:socialscirep@su.ucalgary.ca)

Society of Undergraduates in Economics (S.U.E.):

[www.ucalgary.ca/sue](http://www.ucalgary.ca/sue)

Safewalk / Campus Security: 403-220-5333  
Emergency Assembly Location – SS Food Court  
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