



General Course Information

Instructor: Chris McKenna
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Office Location MacKinnon 704
Office Hours Tuesday and Thursday 10:00 – 12:00, 15:00 – 16:00
Department/School Economics & Finance

TA: Information about the TAs will be given during the first two weeks of class.

Class Schedule: **Section 01**
Lectures: Tuesday & Thursday 13:30 – 14:20 ROZH 102
Lab 01: Friday 9:30 – 10:20 MCKN 238
Lab 02: Monday 15:30 – 16:20 MCKN 238
Lab 03: Wednesday 14:30 – 15:20 MINS 017

Section 02
Lectures: Tuesday & Thursday 08:30 – 09:50 MCKN 117
Lab 04: Friday 12:30 – 13:20 MCKN 238
Lab 05: Wednesday 15:30 – 16:20 MCKN 238
Lab 06: Friday 14:30 – 15:20 MINS 017

Pre-requisites: ECON*1100, (1 of MATH*1000, MATH*1030, MATH*1080, MATH*1200)

Course Description

This is an intermediate course in macroeconomics. A prior knowledge of national accounts will be assumed and tested after the first two weeks of the course. (The course textbook Appendix 1 has most of what you need.) A prior knowledge of elementary mathematics will also be assumed and tested in the first two weeks of the course. (The course textbook Appendix 2 has most of what you need.) We will cover short-run and medium run theory and policy issues. This includes the determination of national output and interest rates in the short-run, when prices are assumed to be fixed. The medium-run allows for prices to be determined by the interplay between aggregate demand and aggregate supply factors. This part of the course therefore looks at the determination of inflation and unemployment. The third part of the course looks at open economy issues, including the effect of trade and capital movements on national output and the determination of the exchange rate. We consider policy issues throughout the course but the fourth part of the course pulls together several issues that occur in the implementation of macroeconomic policy.

Content

(This schedule is approximate and additional material will be posted on CourseLink.)

Week 1: Course preliminaries.

I will give a brief overview of the course. It is your responsibility to read Blanchard and Johnson Chs 1 & 2. As preparation for the course, and for the Quiz, you must study Appendices 1 & 2. Appendix 1 is a review of national income accounting and Appendix 2 is a review of elementary math. Both will be tested in the Quiz on the Tuesday of Week 3 (January 20).

The short run. Goods and financial markets. Blanchard & Johnson Chs 3 & 4.

Week 2: The short run. The IS-LM Model. Blanchard & Johnson Ch 5.

Week 3: The medium run: the labour market. Blanchard & Johnson Ch 6.
[Quiz]

Week 4: The medium run: The AD-AS Model. Blanchard & Johnson Ch 7.

Week 5: The medium run: The Phillips Curve, Inflation and Unemployment. Blanchard & Johnson Ch 8.
[Midterm 1 end week 5, Saturday February 7 15:30-16:30]

Week 6: Expectations. Blanchard & Johnson Chs 14 - 17.

Week 7: Winter break. No classes.

Week 8: Expectations continued. Blanchard & Johnson Chs 14 – 17.

Weeks 9 & 10: The Open Economy. Blanchard & Johnson Chs 18 – 21.
[Midterm 2 end week 10, Saturday March 14 15:30-16:30]

Week 11 & 12: Macroeconomic Policy. Blanchard & Johnson Chs 9, 22 – 24.

Week 13: Review. Blanchard & Johnson Chs 25-26.

Course Assessment

			Due Date
Assessment 1:	10%	Quiz	In class January 20
Assessment 2:	20%	Midterm 1: Exam	Saturday February 7, 15:30-16:30 ROZH 101
Assessment 3:	15%	Midterm 2: Essay	Friday March 13, 16:00
	20%	Midterm 2: Exam	Saturday March 14, 15:30-16:30 ROZH 101
Assessment 4:	35%	Final Exam	April 7, 11:30-13:30 Location TBD

Teaching and Learning Practices

Lectures Lectures make use of PowerPoint slides, which are also posted on CourseLink. Questions in class are encouraged. Note that learning from the slides only is not sufficient to be successful in this course.

Labs Labs are primarily to take up questions about course or textbook content. However, there are weekly exercises, which are not assessed, and which will be covered in lab if there is time. Exercises and answers are posted on CourseLink.

Course Resources

Required Text:

Olivier Blanchard and David R. Johnson, *Macroeconomics*, 6th edition, Pearson.

There is a Canadian edition of this textbook, but I choose not to use it because it is not updated as frequently as the US version and it is not as well supported by the publisher. However, I will provide Canadian content, where appropriate, through supplementary material on CourseLink.

Other Resources:

The textbook has a significant web component of materials and exercises (MyEconLab), which I encourage you to explore. MyEconLab is bundled with the purchase of a new book. I will not be requiring MyEconLab, and I will create all exercises and support material posted on CourseLink.

Course Policies

Course Policy regarding use of electronic devices and recording of lectures

Electronic recording of classes is expressly forbidden without consent of the instructor. When recordings are permitted they are solely for the use of the authorized student and may not be reproduced, or transmitted to others, without the express written consent of the instructor.

I regard it as a common courtesy not to text or read text messages during class.

Course Policy on academic consideration

I do not require notification or a medical slip for any missed in-course component. The weights for a missed Midterm 1 and/or the Exam component of Midterm 2 are transferred to the final automatically (see Additional Course Information below). There is no substitution/accommodation for the Quiz or for the MT2 essay.

University Policies

Academic Consideration

For the University policy on Academic Consideration see:

<http://www.uoguelph.ca/registrar/calendars/undergraduate/current/c08/c08-ac.shtml>

Academic Misconduct

The University of Guelph is committed to upholding the highest standards of academic integrity and it is the responsibility of all members of the University community, faculty, staff, and students to be aware of what constitutes academic misconduct and to do as much as possible to prevent academic offences from occurring.

University of Guelph students have the responsibility of abiding by the University's policy on academic misconduct regardless of their location of study; faculty, staff and students have the responsibility of supporting an environment that discourages misconduct. Students need to remain aware that instructors have access to and the right to use electronic and other means of detection. Please note: Whether or not a student intended to commit academic misconduct is not relevant for a finding of guilt. Hurried or careless submission of assignments does not excuse students from responsibility for verifying the academic integrity of their work before submitting it. Students who are in any doubt as to whether an action on their part could be construed as an academic offence should consult with a faculty member or faculty advisor.

The Academic Misconduct Policy is detailed in the Undergraduate Calendar:

<https://www.uoguelph.ca/registrar/calendars/undergraduate/2014-2015/>

Accessibility

The University of Guelph is committed to creating a barrier-free environment. Providing services for students is a shared responsibility among students, faculty and administrators. This relationship is based on respect of individual rights, the dignity of the individual and the University community's shared commitment to an open and supportive learning environment. Students requiring service or accommodation, whether due to an identified, ongoing disability or a short-term disability should contact Student Accessibility Services as soon as possible.

For more information, contact SAS at 519-824-4120 ext. 56208 or email csd@uoguelph.ca or see the website:

<http://www.csd.uoguelph.ca/csd/>

Course Evaluation Information

Please refer to: <https://www.uoguelph.ca/economics/course-evaluation>

Drop date

The last date to drop one-semester courses, without academic penalty, is **March 6, 2015**. For regulations and procedures for Dropping Courses, see the Academic Calendar:

<https://www.uoguelph.ca/registrar/calendars/undergraduate/2014-2015/>

Additional Course Information

The Quiz will test your knowledge of basic national income accounting and mathematics. It is based on Appendices 1 & 2 of the text. The quiz will last 30 minutes and is held in-class. The weight for a missed quiz is not transferred to the final exam and there is no make-up quiz.

Note that Midterm 2 has a short essay component, worth 15% of the course assessment. Further information about the essay will be given two weeks ahead of its due date. The weight for a missed essay is not transferred to the final and there are no extensions.

I will provide regular updates and in-course grades on CourseLink. As soon as a grade is posted, you may collect your work from my room during regular office hours. I do not distribute completed in-course work during class.

Course Learning Outcomes

The Department of Economics and Finance *Learning Objectives (skills and knowledge competencies)* for this course:

Skills:

- a) **Written communication**—the short essay component of the midterm (15%) will provide an opportunity to demonstrate written communication skills. It will be graded with the usual essay writing criteria excluding the requirement of a bibliography.
- b) **Numerical problem solving**—calculation of various macroeconomic indicators and multipliers. Solve simple macroeconomic models such as the IS-LM and AD-AS models. This will be tested in weekly exercises and in labs.
- c) **Analytical Problem solving**: -- use appropriate graphical methods to understand the mechanisms that determine macroeconomic variables such output, interest rates, inflation and unemployment.
- d) **Analytical Problem solving in a real world context**—*apply* appropriately mathematical, logical and diagrammatic methods to study a variety of contemporary economic policy issues, including the recent financial crisis.
- e) **Understand** the purpose and role of government policies to stabilize or improve the performance of the economy.

Knowledge:

- a) **Mathematical methodology**: *Solve* systems of linear equations.
- b) **Statistical and Econometric Methodology**: *Apply* basic knowledge of statistics and regression analysis to relationships between macroeconomic phenomena.
- c) **Microeconomic modelling**: *Apply* supply and demand models to money, goods and labour markets.
- d) **Macroeconomic modelling**: *Analyse*, potentially complex interactions between a variety of macroeconomic variables using simplified models.
- e) **Specific markets**: *Understand* the institutions and workings of the money, bond goods and labour markets.
- f) **Economic Policy**: Using the approaches in the course, *understand* the role of central banks, and instruments of government policy in the determination of interest rates, inflation, exchange rates, GNP and unemployment, including the recent financial crisis.