



ECO 201 Macroeconomics (3)
Fall 2005
Instructor: Dr. Alan Kwan

Contacting the Instructor

Office: Room 530 **Office Phone: 410-2000 (6907)**
Class Times: W, F 4:00-5:15 **Class Location: Room 714**
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Course Description

Economics in general studies the decision making of resource allocation and the implications of various decision and policy options. Specifically, macroeconomics studies resource allocation issues at the national level; it analyses the dynamics within and among the four aggregate markets. Topics in this course include:

- 1) *How do we measure economic activities and unemployment*
- 2) *The circular flow structure of the economy*
- 3) *Keynesian model of expenditures and output*
- 4) *Fiscal and monetary policies; their impacts and limitations*
- 5) *The dilemma between unemployment and inflation*
- 6) *Budget deficits*
- 7) *International finance*

Course Objectives

By the end of this course students should

- 1) *understand the forces determining macroeconomic variables such as the GDP, inflation, unemployment, interest rate, and the exchange rate;*
- 2) *be familiar with macroeconomic terminology such as GDP, the multiplier, monetarism, the natural rate of unemployment (NRU or NAIRU) and fiscal policy;*
- 3) *be able to formulate and assess macroeconomic policy suggestions;*
- 4) *be able to interpret and to evaluate media reports on the macroeconomy.*

Required Texts

Macroeconomics: Canada in the Global Environment, M. Parkin and R. Bade, 5th edition, Pearson, 2003.

COURSE SCHEDULE

	Background Materials (self-review)		[Ch. 1-3]
1.	<i>Introduction</i>	Sept. 7	
2.	<i>Measuring Macroeconomic Activities</i>	Sept. 9, 14, 16	[Ch. 19-20]
3.	<i>Business Cycles, Unemployment and Inflation</i>	Sept. 21*	[Ch. 21]
4.	<i>Keynesian Model and Expenditure Multipliers</i>	Sept. 23, 28, 30*	[Ch. 23]
5.	<i>Aggregate Demand and Aggregate Supply</i>	Oct. 5, 7	[Ch. 22]
	Mid-Term Test 1	Oct. 12	
6.	<i>Fiscal Policy & Balanced Budget Multiplier</i>	Oct. 14, 19	[Ch. 24]
7.	<i>Fiscal Issues: Deficits and Sustainability</i>	Oct. 21, 28*	[Ch. 24]
	Community Days – No Class	Oct. 26	
8.	<i>Money, Banking, and Interest Rates</i>	Nov. 2, 4, 9	[Ch. 25]
	Mid-Term Break – No Class	Nov. 11	
9.	<i>Monetary Policy</i>	Nov. 16*	[Ch. 26]
10.	<i>Fiscal and Monetary Policy Interactions</i>	Nov. 18	[Ch. 27]
	Mid-Term Test 2	Nov. 23	
11.	<i>Inflation</i>	Nov. 25	[Ch. 28]
12.	<i>The Economy at Full Employment</i>	Nov. 30*	[Ch. 29]
13.	<i>Macroeconomic Policy Challenges</i>	Dec. 2, 7	[Ch. 31]
14.	<i>International Finance</i>	Dec. 9, 14	[Ch. 34]

Course Requirements

Besides the mid-term tests and final exam, there will be 5 in-class quizzes [dates denoted with an asterisk ()]. Each quiz will carry a weight of 3% towards the final grade.*

Exercises will be assigned to students for review. Although they do not contribute to the course mark; it is an important study tool for the understanding of the course materials.

Students need to familiarize themselves with current macroeconomic data and media reports as these will constitute the materials for class discussions.

Course Grade

<i>Quizzes (3% each, 5 quizzes)</i>	<i>15%</i>
<i>2 Mid-term Tests (15 and 25%)</i>	<i>40%</i>
<i>Final Examination</i>	<i>45%</i>

Important Notes

When students miss a quiz or a mid-term test without a legitimate reason beyond their control (typically likes a medical reason with doctor's note), a mark of 0 will be assigned.

When students miss a quiz with legitimate reason, the weight will be reallocated to other quizzes.

When a mid-term test is missed, the other mid-term test will have a weight of 30% and the final exam 55%.