

ST. FRANCIS XAVIER UNIVERSITY
Faculty of Arts
Department of Economics

ECON 102: Introductory Macroeconomics (Sections 21 and 22)

Instructor: Greg Tkacz

Winter 2017

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Office Hours: Tuesday & Thursday 11AM to 2PM or by appointment

Classes:	<i>Section 21:</i>	<i>Section 22:</i>
	Tuesday & Thursday	Tuesday & Thursday
	2:15PM – 3:30PM	3:45PM – 5:00PM
	NH 351	NH 351

Description

This course provides an introduction to macroeconomic concepts. Students will learn about national income accounting and the components of the national economy; the role of money in the economy; inflation; unemployment; the AS-AD model; and how to analyze the impacts of government policies on the economy.

Objectives and Learning Outcomes

The course has two main objectives:

- (1) To introduce students to basic macroeconomic tools that will provide them with the required economic literacy to help them understand current macroeconomic issues.
- (2) To prepare students for further study of macroeconomics at an intermediate level.

Prerequisites

ECON 101 is recommended, but not required. Read Chapters 1, 2 and 3 of the textbook if you haven't taken ECON 101, or if you need a quick microeconomics refresher.

Textbook

Parkin, M. and R. Bade (2015) *Economics: Canada in the Global Environment*, 9th Edition. Pearson Canada. (you can also use the 7th or 8th editions of the book)

Evaluation

The course grade is based on three in-class quizzes (50%) and a final exam (50%):

- In-class quiz #1 (Tuesday January 31): 16.67%
- In-class quiz #2 (Tuesday February 28): 16.67%
- In-class quiz #3 (Thursday March 23): 16.67%
- Final Exam: 50%

The in-class quizzes will not be cumulative. The final exam, to be scheduled by the examinations office in April, will be cumulative.

Missed a Quiz?

You are strongly urged NOT to miss any quizzes – they represent timely feedback on your progress in the course. Given that you are only being evaluated on your knowledge of the course material on four specific days out of the next 100 days, you really should make an effort to be present on those days.

However, should you miss a quiz, you will have an opportunity to write a make-up quiz on **TUESDAY APRIL 4**. This is the **ONLY** date on which you can write a make-up quiz. Three different make-up quizzes will be prepared (one each related to the material of quizzes 1, 2 and 3), and you will only write the quiz you missed. If you missed two quizzes during the term, you can pick which of the two you will write on that day.

<i>If You Miss ONE In-Class Quiz</i>	<i>If You Miss TWO In-Class Quizzes</i>	<i>If You Miss THREE In-Class Quizzes</i>
<ul style="list-style-type: none"> • If you miss ONE quiz for WHATEVER REASON, you will have an opportunity to write a make-up quiz in class on <u>Tuesday, April 4</u>. Your grade will then be based on the three quizzes written (50%) and the final exam (50%) • If you miss ONE quiz for WHATEVER REASON, and you DO NOT write the make-up quiz on April 4, the weight of the third quiz will automatically be added to your final exam. Your grade will therefore be based on the two quizzes written (33.3%) and the final exam (66.67%). 	<ul style="list-style-type: none"> • If you miss TWO quizzes for WHATEVER REASON, you will have an opportunity to write ONE make-up quiz in class on <u>Tuesday, April 4</u>. Your grade will then be based on the two quizzes written (33.3%) and the final exam (66.67%). • If you miss TWO quizzes for WHATEVER REASON, and you DO NOT write the make-up quiz on April 4, you will be given a grade of ZERO for one of the quizzes. Your grade will then be based on the one quiz written (16.67%) and the final exam (66.67%). Consequently, the highest grade you could achieve in the course would be 83.34%. 	<ul style="list-style-type: none"> • You will not be given an opportunity to write the make-up quiz, nor the final exam, and you will automatically receive a grade of ZERO for this course.

Preparing for the Quizzes and Final Exam

Optional problems will be assigned for each chapter to prepare students for in-class quizzes and the final exam, although these do not need to be handed-in. Solutions will be provided with each problem set.

Economics Help Centre

Upper-year students will staff an Economics Help Centre, where you can drop-in for additional help with practice problems or the course material. In addition, tutorials will be held prior to each exam, where upper-year students will review the assigned problem sets in some detail.

Course Outline

We will be following the 9th edition of the textbook, which has been updated to incorporate the recent financial crisis and recession. However, should you choose to use the 8th edition (which was published in 2013) or the 7th edition (which was published in 2010) you'll find that the content is about 90% similar.

Part 1: Macroeconomic Data: Essential Definitions

Chapter 20: Measuring GDP and Economic Growth

Chapter 21: Monitoring Jobs and Inflation

Part 2: Macroeconomic Trends: Long-Run Theory

Chapter 22: Economic Growth

Chapter 24: Money, the Price Level and Inflation

Part 3: Macroeconomic Fluctuations: Short-Run Theory

Chapter 26: Aggregate Supply and Aggregate Demand

Chapter 28: The Business Cycle, Inflation and Deflation

Part 4: Macroeconomic Policy: The Role of Government in the Economy

Chapter 29: Fiscal Policy

Chapter 30: Monetary Policy

In addition to the assigned textbook chapters, we will motivate the class material with recent news articles related to the economy. These articles will be discussed in class, and content from some of these may appear on exams, so it's therefore essential that students attend all lectures to succeed in this course. Articles discussed in class could be published mere minutes prior to the beginning of class, thereby making this a "real-time" course. Consequently the number of articles that students are expected to read will vary according to the nature and severity of economic events that occur this semester.

Course Style

This is an interactive lecture-based course, designed to build an analytical toolkit that will help students understand how the economy operates. This toolkit will be graphical in nature, and as you take more advanced Economics courses in the future, the toolkit will evolve from graphs to mathematical equations.

To properly understand how to use graphs to study macroeconomic issues, it is imperative that students write these out themselves in order to see the starting equilibrium point, understand which curve (or curves) shifts, and then track the changes to the new equilibrium. This is the only way to learn what is happening – memorizing graphs won't help you on quizzes and exams.

Consequently, I will be writing these graphs myself on the overhead projector, and you will be copying the steps in your notes. I will be explaining the steps in a lot of detail to help you understand what is happening. Pen and paper are therefore the essential tools to bring to class, since producing these graphs (of which there will be many) on a laptop will be too time-consuming (especially from Chapter 22 onwards)

Many of you will initially be puzzled by the material, so don't be afraid to ask questions in class for clarification. To encourage you to ask questions I will even monitor a Twitter feed, and respond to Twitter questions as I lecture – simply use **#tkaczhelp** in your tweet.

Although it is against my better judgment, I will scan the hand-written notes that I produce in class, and post them online AFTER I have completed a full chapter. However, reading these notes without the accompanying explanations that I provide in class will be no more useful than reading a textbook; for this reason, attending each lecture will be essential for mastering the material.

On the Use of Math in ECON 102

Numbers abound in Economics, so you will be taught some basic numerical literacy in this course.

In terms of actual mathematical formulas, this course will not cover anything more difficult than the formula used to compute the percentage change of a variable. For example, to find the percentage change of some variable Y between the current period and some past period, you would use the following formula:

$$\% \Delta Y = \frac{(\text{New Value of } Y - \text{Old Value of } Y)}{\text{Old Value of } Y} \times 100$$

where $\% \Delta$ means “percentage change”. Conveniently, Y is often used to abbreviate Gross Domestic Product, an important concept in macroeconomics that is used to measure the value of all goods and services produced in the country in a period of time. If Y is measured on an annual basis, then computing its percentage change between 2016 and 2015 would tell us by how much the economy grew (or shrank) in 2016 relative to 2015.

Course Calendar

BLACK: Lecture Topics

RED: Quiz Dates

GREEN: Economics Drop-In Help Centre / Tutorials

BLUE: Release dates for important macroeconomic data (relevant news articles often appear around such dates)

N.B. Should the University be closed due to inclement weather on a quiz date, the quiz will be moved to the following class. However, I also personally reserve the right to postpone a quiz if I feel that student safety is jeopardized – in this event I will e-mail the whole class. (I often snowshoe to campus, so no amount of snow will ever prevent me from being here).

Fri Dec 23: Gross Domestic Product for October 2016 is released

Thu Jan 4: Introduction and course overview

Fri Jan 6: Labour market data for December 2016 is released

Tue Jan 10: Chapter 20

Thu Jan 12: Chapter 20

Tue Jan 17: Chapters 20 & 21

Thu Jan 19: Chapter 21

Fri Jan 20: Consumer Price Index for December 2016 is released

Mon Jan 23: Economics Drop-In Help Centre (NH 512, 5:15 – 7:00PM)

Tue Jan 24: Chapter 21

Wed Jan 25: Economics Drop-In Help Centre (NH 512, 5:15 – 7:00PM)

Thu Jan 26: Chapter 22

Thu Jan 26: Tutorial Session #1 (covers Chapters 20 & 21; NH151, 6:30 – 7:30PM)

Mon Jan 30: Economics Drop-In Help Centre (NH 512, 5:15 – 7:00PM)

Tue Jan 31: QUIZ #1 (covers Chapters 20 & 21, and any assigned news articles)

Tue Jan 31: Gross Domestic Product for November 2016 is released

Wed Feb 1: Economics Drop-In Help Centre (NH 512, 5:15 – 7:00PM)

Thu Feb 2: Chapter 22

Mon Feb 6: Economics Drop-In Help Centre (NH 512, 5:15 – 7:00PM)

Tue Feb 7: Chapter 24

Wed Feb 8: Economics Drop-In Help Centre (NH 512, 5:15 – 7:00PM)

Thu Feb 9: Chapter 24

Fri Feb 10: Labour market data for January 2017 is released

Mon Feb 13: Economics Drop-In Help Centre (NH 512, 5:15 – 7:00PM)

Tue Feb 14: Chapter 24

Tue Feb 14: Tutorial Session #2 (covers Chapters 22 & 24; NH146, 6:30 – 7:30PM)

Wed Feb 15: Economics Drop-In Help Centre (NH 512, 5:15 – 7:00PM)

Thu Feb 16: Chapter 26

Feb 20-24:*** SPRING BREAK (no class) ***

Fri Feb 24: Consumer Price Index for January 2017 is released

Mon Feb 27: Economics Drop-In Help Centre (NH 512, 5:15 – 7:00PM)

Tue Feb 28: QUIZ #2 (covers Chapters 22 & 24, and any assigned news articles)

Wed Mar 1: Economics Drop-In Help Centre (NH 512, 5:15 – 7:00PM)

Thu Mar 2: Chapter 26

Thu Mar 2: Gross Domestic Product for December 2016 is released

Mon Mar 6: Economics Drop-In Help Centre (NH 512, 5:15 – 7:00PM)

Tue Mar 7: Chapter 26

Wed Mar 8: Economics Drop-In Help Centre (NH 512, 5:15 – 7:00PM)

Thu Mar 9: Chapter 28

Fri Mar 10: Labour market data for February 2017 is released

Mon Mar 13: Economics Drop-In Help Centre (NH 512, 5:15 – 7:00PM)

Tue Mar 14: Chapter 28

Wed Mar 15: Economics Drop-In Help Centre (NH 512, 5:15 – 7:00PM)

Thu Mar 16: Chapter 28

Mon Mar 20: Economics Drop-In Help Centre (NH 512, 5:15 – 7:00PM)

Tue Mar 21: Chapter 29

Tue Mar 21: Tutorial Session #3 (covers Chapters 26 & 28; NH151, 6:30 – 7:30PM)

Wed Mar 22: Economics Drop-In Help Centre (NH 512, 5:15 – 7:00PM)

Thu Mar 23: QUIZ #3 (covers Chapters 26 & 28, and any assigned news articles)

Fri Mar 24: Consumer Price Index for February 2017 is released

Tue Mar 28: Chapter 29

Thu Mar 30: Chapter 30 and/or special topic

Fri Mar 31: Gross Domestic Product for January 2017 is released

Tue Apr 4: Quiz make-up date (only students writing make-up quizzes will need to attend)

Useful Websites

Economic News

- The Globe and Mail: <http://www.theglobeandmail.com/>
- The National Post: <http://www.nationalpost.com/index.html>
- The (Halifax) Chronicle-Herald: <http://thechronicleherald.ca/>
- The Toronto Star: <https://www.thestar.com/>

Economic Data

- Statistics Canada: <http://www.statcan.gc.ca/eng/start>
- Federal Reserve Bank of St. Louis: <https://fred.stlouisfed.org/>

StFX Economics

- Economics Department Home Page: <http://sites.stfx.ca/economics/>
- Greg Tkacz Home Page: <http://www.tkacz.ca/>
- Canadian Economics Association 2017 Conference: <http://economics.ca/2017/en/>