

Macroeconomics

GSE-23660

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Summary

This course is an introduction to macroeconomic analysis. The aim is to develop your understanding of the modern economic environment and its fluctuations. We also want to focus on applying critical analysis skills to current economic problems. The course addresses the following issues :

- Basic macroeconomic variables : gross domestic product (GDP), consumer price index (CPI), jobs, unemployment, the balance of international payments and the exchange rate.
- Macroeconomic equilibrium
- Aggregate demand and expenditure multipliers
- Money, banking and interest rates
- Economic growth
- International Trade

Class approach

Given the size of the group, presentations will be mostly magistral. I **strongly** suggest you get involved in the class and participate as much as possible. It is much more interesting and rewarding (for the students and the instructor) when many students are actively participating. I sincerely believe a good atmosphere and a climate of respect are essential to a useful learning environment. Never hesitate to ask questions, it is strongly encouraged; I consider it part of your "job" as a student. Questions always help more than one student and also help me to focus on points that could need more explanations. I tend to use many examples and present many practical applications. I try to do as many exercises as possible in class, as it is an excellent way to learn.

My lectures will summarize the relevant chapters of the textbook. Examinations will test material covered in class, but topics addressed in the textbook only will also be tested. Exercises and extra material on the web site are also subject to examination.

There is no secret; exercises are an integral part of mastering the different course concepts. You should do your exercises regularly and get your hands “dirty” if you want to succeed. Question periods for students who would like to ask questions about the exercises will be posted on the web site. There is also a board on the web site for questions and answers.

Final Grade Breakdown

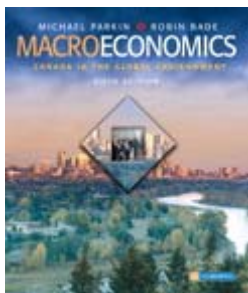
Text (1 page) to hand in January 20 (2nd class) : **5%**

Online Quizzes (6 quiz) : **10 %** (total)
(all quizzes count; schedule on web site)

Midterm Exam (Chapters 19 to 24) : **42,5 %**
Date : February 21 2009, 14 h 00 to 16 h 50.

Final Exam (Chapters 25-26-28-30-31-32) : **42,5 %**
Date: April 19 2009, 14 h 00 to 16 h 50.

Textbook



Michael PARKIN and Robin BADE, *Macroeconomics : Canada in the Global Environment*, 6th edition, Pearson Education Canada, 2006.
ISBN : 9780321417756.

Course Web Site

Accessible at <http://www.webct.ulaval.ca>. You will find teaching material, lecture notes, useful links and exercises. The board will be the most interactive section, but I will update the site regularly during the term.

Grading Scale	
Final Mark	Letter
≥ 90 %	A+
≥ 85 %, < 90 %	A
≥ 80 %, < 85 %	A-
≥ 76 %, < 80 %	B+
≥ 72 %, < 76 %	B
≥ 68 %, < 72 %	B-
≥ 65 %, < 68 %	C+
≥ 62 %, < 65 %	C
≥ 60 %, < 62 %	C-
≥ 57 %, < 60 %	D+
≥ 55 %, < 57 %	D
< 55 %	E

Course Outline

Part 1 : Macroeconomic Overview

1.1 Chapter 19 : A First Look at Macroeconomics

Origins and issues of macroeconomics; growth and fluctuations; jobs and unemployment; inflation, surpluses and deficits; macroeconomic policy.

1.2 Chapter 20 : Measuring GDP and Economic Growth

Gross domestic product; measuring GDP; real GDP and the price level; measuring economic growth.

Part 2 : Macroeconomic Equilibrium

2.1 Chapter 21 : Monitoring Cycles, Jobs, and the Price Level

The business cycle; jobs and wages; unemployment and full employment; consumer price index.

2.2 Chapter 22 : Aggregate Supply and Aggregate Demand

Aggregate supply; aggregate demand; macroeconomic equilibrium; Canadian economic growth, inflation and cycles.

Part 3 : Aggregate Expenditure Model

3.1 Chapter 23 : Expenditure Multipliers

Expenditure plans and GDP; equilibrium expenditure at a fixed price level; the multiplier; the multiplier and the price level.

3.2 Chapter 24 : Fiscal Policy

Government budgets; fiscal policy multipliers; fiscal policy multipliers and the price level; supply-side effects of fiscal policy.

Part 4 : Financial Markets

4.1 Chapter 25 : Money, Banking and Interest Rates

What is money?; the banking system; how banks create money; the demand for money; interest rate determination.

4.2 Chapter 26 : The Exchange Rate

Currencies and exchange rates; the foreign exchange market; changes in demand and supply : exchange rate fluctuations; exchange rate policy.

Part 5 : Monetary Policy and Full Employment

5.1 Chapter 28 : Monetary Policy

Monetary policy objective and framework; the conduct of monetary policy; monetary policy transmission; alternative monetary policy strategies.

5.2 Chapter 30 : The Economy at Full Employment

Real GDP and employment; the labour market and aggregate supply; changes in potential GDP; unemployment at full employment.

Part 6 : Economic Growth and International Trade

6.1 Chapter 31 : Economic Growth

Long-term growth trends; the causes of economic growth, growth accounting; growth theories.

6.2 Chapter 32 : Trading with the World

Patterns and trends in international trade; the gains from international trade; international trade restrictions; the case against protection; the balance of international payments.

Plagiarism / Cheating

The FSA does not tolerate non-ethical behavior (neither do I) and it will be sanctioned. Check Laval University's *Règlement disciplinaire à l'intention des étudiants* or www.fsa.ulaval.ca/plagiat to make sure you avoid such problems.

Course Evaluation

This course will be evaluated twice during the term. Around the fourth week, an informal evaluation will take place, just between the students and the instructor. The formal evaluation, going to the instructor and the department, will take place around the end of the course. I kindly ask you to fill it as it takes little time and is very useful to me and to the university.

Warning regarding examinations

Examinations schedule is posted before the term at this site : <http://www.fsa.ulaval.ca/examenspremiercycle> .

It is **your responsibility** to make sure you don't have a time conflict between two examinations. In case of conflict, you must modify your courses; **no exemptions or reports will be granted** due to examination conflicts.

For more information : www.fsa.ulaval.ca/politiqueexamen .

Work Schedule

This schedule is given purely as an indication. Chapters have varying degrees of length and difficulty and class time will be allocated accordingly.

Date	Course	Chapter
January 13	1	Chapter 19
January 20	2	Chapter 20
January 27	3	Chapter 21
February 3	4	Chapter 22
February 10	5	Chapter 23
February 17	6	Chapter 24
Midterm Exam : Saturday February 21, 14 h 00 - 16 h 50		
<i>February 25</i>	<i>No Class</i>	
Reading Week (March 2 to March 7)		
March 10	7	Chapter 25
March 17	8	Chapter 26
March 24	9	Chapter 28
March 31	10	Chapter 30
April 7	11	Chapter 31
April 14	12	Chapter 32
Final Exam : Sunday April 19, 14 h 00 - 16 h 50		