

Macroeconomics

GSE-1002

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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

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

Assignment (2 pages) to hand in Jan. 19 (2nd class): **10%**

Online Quizzes (6 quiz): **5%** (total)
(Only the 5 best quizzes count; schedule on web site)

Midterm Exam (Chapters 20 to 25): **42.5 %**
Date: February 20, 2010, 9 h 00 to 11 h 50.

Final Exam (Chapters 26 to 30): **42.5 %**
Date: April 18, 2010, 9 h 00 to 11 h 50.

Textbook



Michael PARKIN and Robin BADE, *Macroeconomics : Canada in the Global Environment*, **7th edition**, Pearson Education Canada, 2010.
ISBN : 978-0-321-56389-7.

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-
≥ 75 %, < 80 %	B+
≥ 70 %, < 75 %	B
≥ 66 %, < 70 %	B-
≥ 63 %, < 66 %	C+
≥ 60 %, < 63 %	C
≥ 56 %, < 60 %	C-
≥ 53 %, < 56 %	D+
≥ 50 %, < 53 %	D
< 50 %	E

Course Outline

Part 1: Monitoring Macroeconomic Trends and Fluctuations

1.1 Chapter 20: Measuring GDP and Economic Growth

Gross domestic product; measuring Canada's GDP; the uses and limitations of real GDP.

1.2 Chapter 21: Monitoring Jobs and Inflation

Employment and unemployment; unemployment and full employment; the price level and inflation

Part 2: Macroeconomic Trends

2.1 Chapter 22: Economic Growth

The basics of economic growth; economic growth trends; why labour productivity grows; growth theories and policies.

2.2 Chapter 23: Finance, Saving, and Investment

Financial institutions and financial markets; the market for loanable funds; government in the market for loanable funds; the global loanable funds market.

2.3 Chapter 24: Money, the Price Level, and Inflation

What is money?; the banking system; how banks create money; the market for money; the quantity theory of money.

2.4 Chapter 25: The Exchange Rate and the Balance of Payments

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

Part 3: Macroeconomic Fluctuations

3.1 Chapter 26: Aggregate Supply and Aggregate Demand

Aggregate Supply; aggregate Demand; explaining macroeconomic fluctuations; macroeconomic schools of thought.

3.2 Chapter 27: Expenditure Multipliers: The Keynesian Model

Fixed prices and expenditure plans; real GDP with a fixed price level; the multiplier; the multiplier and the price level.

3.2 Chapter 28: Canadian Inflation, Unemployment, and Business Cycle

Inflation cycles; inflation and unemployment: the Phillips curve; the business cycle.

Part 4: Macroeconomic Policy

4.1 Chapter 29: Fiscal Policy

Government budgets; supply-side effects of fiscal policy; stabilizing the business cycle.

4.2 Chapter 30: Monetary Policy

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

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://www5.fsa.ulaval.ca/sgc/formation/baalaval/pid/6597> .

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 : <http://www5.fsa.ulaval.ca/sgc/absenceexamen> .

Alignment between the course and BBA program goals and objectives

	Degree of achievement in the course	Performance-based measures
Learn how to make decisions.	developing	Exam, Quizzes
Communicate.	initiated	Assignment, Exam
Be open to the world.	integrated	Assignment, Exam
Master technological tools.	integrated	Exam, Quizzes
Be open to change.	integrated	Assignment, Exam
Behave in an ethical manner.	developing	Assignment, Exam, Quizzes

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 12	1	Chapter 20
January 19	2	Chapter 21
January 26	3	Chapter 22
February 2	4	Chapter 23
February 9	5	Chapter 24
February 16	6	Chapter 25
Midterm Exam : Saturday February 20, 9 h 00 - 11 h 50		
<i>February 23</i>	<i>No Class</i>	
Reading Week (March 1 st to March 5)		
March 9	7	Chapter 26
March 16	8	Chapter 27
March 23	9	Chapter 28
March 30	10	Chapter 29
April 6	11	Chapter 29 + Chapter 30
April 13	12	Chapter 30
Final Exam : Sunday April 18, 9 h 00 - 11 h 50		