

Economics 222A, Macroeconomic Theory
Queen's University
Winter Term 2006

Class Times: Monday 10am-11:30, Wednesday 8:30am-10, Dupuis Hall Room 215

Instructor: Stephen Tapp, Office Hours: Wednesday 10am-12, Dunning 227

Teaching Assistants: The head TA is Hui Fan (e-mail: fanh@econ.queensu.ca). The names, locations, and office hours of the other TAs will be posted on the web once the term begins. There are no scheduled tutorials, but we can organize group tutorials later if desired.

Textbook: The textbook for the course is *Macroeconomics* (fourth Canadian edition) by Abel, Bernanke, Smith, and Kneebone (Toronto: Addison Wesley, 2005) which is in the campus bookstore. This edition was first used last term, so unfortunately used books are limited.

Course Website: www.econ.queensu.ca/students/fanh/econ222/index.html

Announcements will be displayed on the 222 website. You will also find past tests and exams, links to the data sources, as well as other course-related material.

Marking Scheme:

Assignments	20% (4 assignments each worth 5%)
Midterm Test	30%
Final Exam	50%

You will need a non-programmable calculator for each test.

The **midterm** is scheduled for Wednesday, February 15 from 6:00-8:00 p.m. (location TBA) — this is the week *before* reading week.

The **assignments** are due by noon (in the 222 drop-box) on the dates listed below. You may work as a group on exercises, submitting one set of answers with the names of all group members. The **maximum group size is four** people. If, for some strange reason, you choose not to work out and understand all of your group's answers (and of course you wouldn't do that), the exams will prove difficult. Answers to exercises and the midterm will be displayed promptly on the website. Therefore, **late submissions will not be accepted** (if you are looking for extensions, then please see your hairdresser).

Course Content Overview:

Because thoughtfully-applied economics can be a useful way to organize one's thoughts, the **goal of the course** is to teach you how take an "economic approach" to analyze complex issues and current events. This will involve some math and an understanding of how economic models work, how they are applied, and their limitations. At times this approach will require some work with different data sources, preparing graphs or tables, performing some basic calculations and interpreting the results. Ultimately, the applicable skill I'm trying to impart is an ability to understand how economic policy and shocks affect the economy as reflected in aggregate macro variables such as output, interest rates, prices and employment.

What defines macroeconomics is mainly a broader view of things and the types of questions that are posed. So we'll think broadly; for this purpose we will look at the economy as a whole, rather than worry about more specific or 'micro' details (though these are also important). As for the bigger questions: Why are some countries rich while others are poor? What impacts do high energy prices have on the economy? What determines interest rates? How does the Bank of Canada influence the economy? *etc.*

Some choices we consider in this course include:

- Decisions individuals face such as whether to save or consume, work or enjoy leisure.
- Decisions employers face either to hire more employees or expand their factory's capacity.
- Decisions government face such as how to best respond to economic shocks.

Tentative Schedule:

Topic	Chapter	Week	Due Dates
What is Macroeconomics?	1	1	
Measurement and Accounting	2	1-2	
Productivity and Employment	3 (15.2)	2-3	Assignment 1 due January 27
Saving and Investment	4 (15.3)	4	
International Debt	5	5	Assignment 2 due February 10
Economic Growth	6	6	Midterm test February 15 6-8 p.m.
<i>Reading Week</i> February 20-24, 2006			
Money and Inflation	7	7	
Business Cycles	8	8	
IS-LM Model	9 (12.4)	9	Assignment 3 due March 17
Exchange Rates & Macro Policy	10	10	
Unemployment and Inflation	13	11	Assignment 4 due March 31
Monetary Policy	14	12	
222 Final Exam TBA – will occur sometime between April 13-28, 2006			