

Economics 222B, Macroeconomic Theory I
Queen's University
Winter 2011

Class Times: Tuesday 4:00-5:30, Thursday 2:30-4:00, Dunning 12

Instructor: Mike Kennedy, Dunning 315

Office Hours: Thursday 10:00-11:30am

Teaching Assistants: The head TA is Jean-François Rouillard (e-mail: rouillard@econ.queensu.ca). The names, locations, and office hours of the other TAs will be posted on the web once the term begins. Some group tutorials are going to be scheduled and announced in due time.

Prerequisite: ECON 110 or 111*/112*

Co-requisite: MATH 126 or equivalent

Textbook: The textbook for the course, *Macroeconomics* (fifth Canadian edition) by Abel, Bernanke, and Kneebone (Toronto: Addison Wesley, 2008), is available in the campus bookstore.

Course Website: Announcements will be posted on the 222 website (please, check it on a regular basis).

<http://www.econ.queensu.ca/students/phds/rouillard/econ222/winter2011/>

You can also find links to the data sources, past tests and exams 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 (Casio 991 series, or blue or gold sticker) for each test/exam.

The **midterm** date is 1 March 2011 from 6:30-8:00 pm, and will take place in **Walter Light Hall (WLH) room 205**.

The **assignments** are due by noon (in the 222 drop-box) on the dates listed below. You may work with other students on exercises, submitting **your own** set of answers.

Answers to exercises and the midterm will be displayed promptly on the website. Therefore, **late submissions will not be accepted**.

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 to 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 calculations and interpreting the results. Ultimately, the applicable skill I'm trying to teach is the 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. We will look at the economy as a whole, rather than the specific or 'micro' details (though these are also important). As for the 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 economics issues 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.

Topic	Chapter	Week	Due Dates
Defining Macroeconomics	1	1	
Measurement & Accounting	2	2	
Productivity & Employment	3	3	Assignment 1 due January 28 th
Saving & Investment	4	4	
International Debt	5	5	Assignment 2 due February 11 th
Economic Growth	6	6	Midterm test TBA
READING WEEK		7	
Money and Inflation	7	8	
Business Cycles	8	9	
IS-LM Model	9	10	Assignment 3 due March 18 th
Exchange Rates & Macro Policy	10	11	
Exchange Rates & Macro Policy	10	12	Assignment 4 due April 1 st
Unemployment & Inflation	13	13	Classes end on April 8 th
222 Final Exam TBA – will occur sometime between April 14 th - 30 th , 2011			

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