

## Economics 112\*S - Introductory Macroeconomics

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### Introduction

There are two main branches in Economics: Microeconomics and Macroeconomics. Economics courses are commonly divided into two sections to deal with "Micro" and "Macro" separately. Microeconomics by its name suggests that it is primarily concerned with the smaller economic agents - the consumer, the producer, the buyer, the seller, inputs, outputs, etc. Macroeconomics, on the other hand, is primarily concerned with the larger economic agents - governments, taxes, national income, inflation, monetary and fiscal policy. Whether you take Micro or Macro as your first course in economics will not hinder your understanding of the material. However, it is generally accepted that if one has a strong understanding of the micro concepts, one will have a stronger appreciation and awareness of macroeconomics; because macroeconomics is in a sense, the "summation" of microeconomics. Thus, this Macro course will begin with an introductory section that covers the basic micro concepts. For those of you who have taken a course in micro (like Economics 111), this will be review. For those of for whom this is a first course in Economics, this section will prepare you for your study of Macroeconomics

The textbook for this course is *Macroeconomics (and Study Guide)*, Eleventh Canadian Edition, by Ragan and Lipsey. This textbook has proven itself for many years and in many countries to be one of the best first year economics texts. It contains all of the material presented in a modern form with superb diagrams to aid the learning process.

A course such as this at the university would have three lecture hours per week usually with an assignment to follow. On average you should spend about 10 - 12 hours per week on the course.

Any questions about the grading of assignments or the mid-term should be directed to the instructor. The instructor will grade the final exam and will be available to answer questions about the course material. If you have any difficulties, do not hesitate to call for help.

### Inquiries Regarding Course Content

**Instructor:** Sharif Khan  
**Office Location:** Mackintosh-Corry A420  
**Telephone Office Hours:** Mondays and Wednesdays, 2:00 p.m. - 4:00 p.m

To meet in person, please send an email to set up an appointment.

Inquiries concerning the course content should be addressed to me, the instructor. If you have difficulties with any of the assigned work, you can send questions by email [khans@econ.queensu.ca](mailto:khans@econ.queensu.ca) or you can phone me (613 583-7478).

You may leave a message for me at the main office of the Economics Department: 613 533-2250. (Note that collect calls are not accepted at this number). Be sure to leave your name, area code and telephone number, times when you can be reached, and the general nature of your inquiry. I will return your call.

I also urge you to post questions about assignments and the content of the course on the course bulletin board and chat line and I will answer them there. There is a link to it from our course web page at: <http://qed.econ.queensu.ca/walras/custom/100/firstyear/>

## **Inquiries Regarding Administrative Concerns**

General inquiries about adding or dropping courses, obtaining transcripts, paying fees, receiving fee refunds, changing your address, etc. should be directed to the Division of Continuing & Distance Studies/Faculty of Arts & Science Office, F-200 Mackintosh-Corry Hall, 68 University Avenue, Queen's University, Kingston, ON K7L 2N6. Please send any inquiries separately from your assignments. The Continuing & Distance Studies Office is open 9:00 a.m. to 4:00 p.m., Monday to Friday. The phone number is (613) 533-2470, the office FAX number is (613) 533-6805, the e-mail address is: [cds@post.queensu.ca](mailto:cds@post.queensu.ca)

## **Readings**

All the required readings for the course are contained in the textbook:

Christopher T.S. Ragan, and Richard G. Lipsey,  
*Macroeconomics, Eleventh Canadian Edition.*  
Published by **Pearson Addison-Wesley, 2007.**

Paul T. Dickinson and E. Kenneth Grant,  
*Study Guide to Accompany Eleventh Canadian Edition: Macroeconomics*  
Published by **Pearson Addison-Wesley, 2005.**

## Course Outline

### **PART I            MICRO FOUNDATIONS AND INTRODUCTION TO MACRO**

- Chapter 1            Economic Issues and Concepts
- Chapter 2            How Economists Work
- Chapter 33            The Gains from International Trade (pgs 838-849)
- Chapter 3            Demand, Supply, and Price
- Chapter 19            What Macroeconomics is All About
- Chapter 20            The Measurement of National Income

**Optional Assignment #1, Due: October 3, 2007 by 3 p.m.**

### **PART II            THE ECONOMY IN THE SHORT-RUN**

- Chapter 21            The Simplest Short-Run Macro Model
- Chapter 22            Adding Government and Trade to the Simple Macro Model
- Chapter 23            Output and Price in the Short-Run

**“Take home” Mid-Term Exam, Due: October 24, 2007 by 3 p.m.**

### **PART III           THE ECONOMY IN THE LONG-RUN**

- Chapter 24            From the Short-Run to the Long-Run: The Adjustment of Factor Prices
- Chapter 25            The Difference Between Short-Run and Long-Run Macroeconomics
- Chapter 26            Long-Run Economic Growth

### **PART IV           MONEY, BANKING, AND MONETARY POLICY**

- Chapter 27            Money and Banking
- Chapter 28            Money, Interest Rates and Economic Activity
- Chapter 29            Monetary Policy

**Optional Assignment #2, Due: November 21, 2007 by 3 p.m.**

### **PART V            MACROECONOMIC PROBLEMS AND OPEN ECONOMY CONSIDERATIONS**

- Chapter 30            Inflation
- Chapter 31            Unemployment
- Chapter 32            Government Debt and Deficits
- Chapter 35            Exchange Rates and the Balance of Payments

Students who submit assignments according to schedule may expect to have their graded assignments returned within three weeks. If your assignment has not been returned within this period, it your responsibility to contact the instructor and/or Continuing & Distance Studies.

## Assignments, Examinations and Grading

There are two **optional** assignments, the solutions for which will be posted to the web site according to the schedule below. You will be **required** to complete a take home mid-term and a formal, supervised final examination to receive credit for the course. The distribution of marks is as follows:

**Take Home Mid-Term 30%**

**Final Examination 70%** (You must pass the final exam in order to pass the course.)

The midterm will follow the format of the final exam, consisting of multiple choice, short answer (true/false/uncertain) problems, and long problems.

The midterm will be **posted** on the course web site

<<http://qed.econ.queensu.ca/walras/custom/100/firstyear/>> the week of **October 8, 2007**.

You are required to obtain a copy of the mid-term from this site.

**If you do not have access to the Internet, it is your responsibility to contact Continuing & Distance Studies promptly (telephone 613 533-6000, Ext. 77770) to request that a copy of the mid-term be mailed or faxed to you.**

The midterm is due on **Wednesday, October 24, 2007 by 3 p.m. NO MIDTERMS WILL BE ACCEPTED AFTER THE DUE DATE.** This is designed to give you feedback on your midterm performance before the drop date of **November 2, 2007**. You may email or call the instructor for your midterm grade if you do not pick up or receive your graded midterm by mail with adequate time to make a decision. If your final exam grade is higher than that obtained by the above scheme, then you may receive the final exam grade as your final mark for the course. However, for this to "kick in" you must have made a "satisfactory" attempt at the midterm exam. This is designed to give you every chance to do well in this course. ***However, you must pass the final examination to pass the course.***

The same grading scheme is used for extramural and intramural students, as follows:

80% and above	Grade A
65% - 79%	Grade B
50% - 64%	Grade C
Below 50%	Grade F

**50% is the passing grade.**

The formal, supervised **final exam** will consist of three parts: multiple choice, true/false/uncertain, and long answer questions. To get practice in doing multiple choice questions, be sure to see the ones in the Study Guide. You are permitted to bring a **non-programmable calculator** to the final exam.

**Final Examination Period: 5 - 20 December 2007**

*Students requiring accommodations for exams in correspondence courses due to special needs must contact Candy Randall-Quesnel **and** Health, Counselling and Disability Services immediately following registration to be interviewed/assessed so that arrangements can be finalized well in advance of the exam period.*

Please read “Frequently Asked Questions about Final Exams” in the *Guide to Correspondence Study* (at the front of these course notes) for **IMPORTANT** administrative details about final exams.

**ALL students residing in Kingston and vicinity MUST write their exams on the Kingston campus.** They are required to access the exams schedule at [www.queensu.ca/registrar/exams/](http://www.queensu.ca/registrar/exams/) to find out the date, time, and location of their exam. Kingston students will also be linked to this site through their Web-CT course site. A Queen’s NetID is required to access Web-CT.

**Students who are eligible to write exams off-campus** will be notified of exam arrangements on their Web-CT course site. A Queen’s NetID is required to access Web-CT.

Please consult these course notes for information on how to activate your Queen’s NetID and access Web CT or visit <http://www.queensu.ca/currentStudents/onlineResources/>

- NB**a) Students who do not have access to the Internet **must** notify the Examinations Coordinator **immediately** following registration.
- b) Distance students writing in “remote” areas where an established test site does not already exist (as determined by the Examinations Coordinator) will not need to access Web-CT for this purpose because they are directly involved in setting up the actual exam with the proctor.
- c) Incarcerated students will be notified of the date/time/location of their exam in writing approximately three weeks before the exam session begins.

**ALL students are expected to write exams when they are scheduled.** Exams will be held on a weekday commencing at 9 a.m. or 2 p.m. (AM and PM start times may vary at off-campus exam centre locations.)

**Questions?** Direct any questions about final exam scheduling or location to the Correspondence Examinations Coordinator, Candy Randall-Quesnel, by e-mail [randallc@queensu.ca](mailto:randallc@queensu.ca), fax 613 533-6805, or by telephone 613 533-6000, Ext 77188.

***Got Queen's NetID?***

**If not, you risk missing out on important information from Queen’s, including details about your exam location and scheduling.**

**Please activate your Queen’s E-mail/Internet account and check it regularly.**

**Visit <http://www.queensu.ca/currentStudents/onlineResources.php/>**

## Assignment Schedule

The assignments are **optional** and due on the following dates if you wish to have them graded (assignments received after the deadline will **not** be marked). Note that the midterm is **required**.

NOTE: Please ensure that you attach an Assignment Cover Sheet (found in your **FORMS** section at the back of these course notes) with each assignment you submit. To safeguard against loss, keep a copy of each piece of work you submit.

<b>Assignment #1 (optional)</b>	Wednesday, October 3, 2007 by 3 p.m.
<b>REQUIRED Midterm “take home” exam</b>	Wednesday, October 24, 2007 by 3 p.m.
<b>Assignment #2 (optional)*</b>	Wednesday, November 21, 2007 by 3 p.m.
<b>Final Examination Period</b>	5-20 December 2007

\*Since assignment 2 comes so late in the term, you may not get it back before the exam. However, if you make the effort to get it in on time, we'll make every effort to grade it and make it available to you before the exam.

**Assignment solutions will be posted** to the following website on the day after they are due. The **mid-term exam** will also be posted there **and** the **answers to the midterm** will be posted a day or so after the due date. Visit the course web site by following the appropriate link from: <http://qed.econ.queensu.ca/walras/custom/100/firstyear/>

Hard copies of the solutions will be returned to those who submit the midterm exam and/or assignments.

Correspondence students also have access to a **Chat line**. A link to the Chat line can be found on the course web site <<http://qed.econ.queensu.ca/walras/custom/100/firstyear/>>. At this site you will be able to pose questions to the instructor, or just “chat” with others in the course about the material.

## Method of Study

This course has two sources of information. First, the textbook provides a complete discussion and presentation of all the material including examples and figures. Second, the Course Notes provide a re-explanation of the material so that you can get a more informal lesson. The Course Notes cannot stand on their own, they must be used in conjunction with the textbook. The beginning of the notes can be a bit verbose; they try to say the same thing in a variety of ways so you have a greater opportunity to relate. Half way through the notes, however, a greater understanding of the material is assumed and the notes tend to be more direct and to the point; yet they still try to emphasize the important points, walk you through examples, cut through the less important information and provide a less formal presentation of the material.

1. Consult the course notes and go through these and the textbook simultaneously. In the notes you will find the objectives of the lesson and a breakdown of the chapters to be studied.
2. When you start to study make complete notes of your own. These will serve to be your study notes when you are doing assignments and preparing for the final exam. You will find that there are a number of concepts that neither the text nor the notes will help *you* on. Don't be

discouraged if you have to read the same chapter numerous times - it is imperative you have a good grasp of the knowledge. If this happens re-read *your* study notes every day for a week until you are comfortable with the material; your study notes are tailored to you. They present things *to you* in the perfect manner so you can remember them. Use your study notes as much as possible for this reason. An integral part of studying economics is using graphs. Many relationships among variables are presented graphically in the course. Reviewing graphing techniques can only be beneficial. There is a review of graphing techniques in the Appendix to Chapter 2 in your text.

3. When you have completed what you have set out to do in the lesson go to the study guide and do some related problems. At the end of every chapter of the course notes, there are some additional Practice Problems taken from previous years' Assignments and exams. You should treat these as you would a written assignment, then turn to the solutions on the following page. If you are still having difficulty at this point call the instructor. Oh yes, I would like to pass on an interesting observation: The students who actually call the instructor (or tutor, if one is assigned) with questions are the same students that also tend to have the highest grades. Keep this in mind!!!
4. During the term there are two optional assignments. Although you will not be graded on them, please take the time to do them carefully. Try to do them first without using the textbook; this will also test your knowledge. Then, when you have completed as much as you can consult the text. The assignments are made up of two parts - True, False and Uncertain - and Long Answer or Problem questions. The assignments are designed to be challenging so don't get discouraged; they also reflect the final examination.

Use your knowledge gained from the lessons and **apply** it to the problems. Economics is a "hands-on" course, so treat it as one.

