

Economics 112*S - Introductory Macroeconomics

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)*, 12th 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: Hui (Julia) Zhu

Office Location: Mackintosh-Corry A424

Office Hours: Wednesdays, 12 noon - 3 pm

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 along with your assignment or you can visit me at my office, Mackintosh-Corry Hall A424 on Wednesdays 12 noon - 3 pm. I will also be available during those times if you wish to contact me by phone (613) 533-6660. You may leave a voice mail at any time. Whenever you leave a message, please include your name, telephone number and area code, times when you can be reached, and the general nature of the matter you are calling about. 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/corresp/index112.html>

Do you have special circumstances?

Please contact the instructor by email or regular mail if you have special circumstances which could affect your course work (for example, if this is your first university-level course, if English is not your first language, if you have disabilities, etc.)

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@queensu.ca

Readings

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

Christopher T.S. Ragan, and Richard G. Lipsey,
Macroeconomics, Twelfth Canadian Edition.
Published by Pearson Addison-Wesley, 2008.

Paul T. Dickinson and E. Kenneth Grant,
Study Guide to Accompany Twelfth Canadian Edition: Macroeconomics
Published by Pearson Addison-Wesley, 2008.

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 802-813)
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 2, 2008 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 23, 2008 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 20, 2008 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 6, 2008**. 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. 7770) to request that a copy of the mid-term be mailed or faxed to you.

The midterm is **due back by October 23 by 3 pm**. 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 October 31. 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.

Calculator Policy for Exams

You are permitted to bring a non-programmable calculator (e.g., a CASIO 991 series calculator sold at the Campus Bookstore and other retail outlets) to the final exam. See Academic Regulation 11: <http://www.queensu.ca/artsci/1styearprereg/calculator.html>

Final Examination Period: 3 - 18 December 2008.

*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 “Examinations” in the *Correspondence Study Q & A Compendium* (at the front of this course guide) 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/ 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 this course guide for information on how to activate your Queen’s NetID and access Web CT or visit <http://www.queensu.ca/currentstudents/>

- 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, fax 613 533-6805, or by telephone 613 533-6000, Ext 77188.

Have you activated your NetID?

You need a NetID to sign on to Queen's e-mail and WebCT.

Ensure you receive important information, including exam schedule and location, by activating your NetID and checking your email and WebCT course site regularly.

Visit <http://www.its.queensu.ca/students/>

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.

Assignment#1 (optional) October 2 by 3 pm

REQUIRED Midterm "take home" exam October 23 by 3 pm

Assignment#2 (optional)* November 20 by 3 pm

Final Examination Period December 3-18

*Since this assignment 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 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. For every chapter of the course notes, there are (on the ECON web site) 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 (also on the ECON web site). 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.