

MACROECONOMIC ANALYSIS I (ECON 2020, A01)

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(Include ECON2020 in Subject line)

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Office hours: Wednesdays: 2:30 - 3:30
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Course description and objectives: The course provides a study of the macroeconomic models of the determination of economic aggregates such as national income, consumption, investment, government spending, exports, imports, and economy-wide variables such as the interest rate, the foreign exchange rate, the price level and inflation, and the unemployment rate. The influence of fiscal and monetary policies on the aggregate economy is also examined.

Prerequisite: A grade of "C" or better in ECON 1020 or ECON 1021 or the former ECON 1200 (018.120) or the former ECON 1201] or [a grade of "C" or better in both ECON 1210 (or ECON 1211 (018.121)) and ECON 1220 (or ECON 1221 (018.122))].

At the end of the course you should be able to:

- Understand the methods and approaches to macroeconomics.
- Understand the factors which determine aggregate output as well as income and expenditure in the short and medium run.
- Use the IS/LM model to study the impact of monetary and fiscal policies on the economy in the short run.
- Understand aggregate demand under both flexible and floating exchange rates.
- Understand the role of expectations in the macro economy.
- Use the Aggregate Demand/Aggregate Supply model to explain short and medium run fluctuations.

Textbook & learning materials

- Olivier Blanchard, *Macroeconomics Plus MyLab Economics with Pearson eText -- Access Card Package*, 7th US edition, Pearson, 2017.
- Online Textbook Materials: <http://catalogue.pearsoned.ca/educator/product/Macroeconomics-Plus-MyLab-Economics-with-Pearson-eText-Access-Card-Package-7E/9780134472546> Includes access to Pearson's online learning system, MyEconLab, where you can find an e-book and study/review questions.
- If you prefer, you can buy just the e-book, which includes access to MyEconLab.
- MyEconLab is an online assessment and tutorial system that will be used for your assignments. MyEconLab also gives you easy access to practice problems and provides you with an automatically generated quizzes.
- Old editions of the textbook: The current seventh edition of the textbook has a number of assigned chapters that are very different from earlier editions.

Required Background: To enjoy this class you must be able and willing to deal with a few mathematical tools, in particular algebra and a little bit of calculus. I strongly urge you to read an authoritative source of economic news and analysis, or a serious newspaper from a country of your choice, as we will frequently discuss the current state of the world economy and current policy debates in class.

Evaluation and Course Requirements: The course assessment is based on two options, A and B. Under Option A, you will complete six on-line homework assignments in addition to two in-class term tests and final

examination. Under Option B, your grade is determined solely by two in-class term tests and final examination. **You do not have to inform me of the option that you choose. I will calculate both options and choose the one that gives you the highest grade.**

<u>Course Requirement</u>	<u>Weight</u>		<u>Date</u>
	<i>Option A</i>	<i>Option B</i>	
1. MyEconLab Online Assignments (6)	12%		Every two weeks, approx.
2. Term-test I	28%	32%	October 10
3. Term test II	30%	34%	November 5
4. Final Examination	30%	34%	Dec. examination period

Notes about evaluation

- **Lab Assignments:** The six online lab assignments will be submitted on the MyEconLab website. You must register for MyEconLab and enroll with MyEconLab in this course. To do this you will need to purchase the access code. Please see page 4 for how to access MyEconLab.
- The **instructor course ID** for MyEconLab is: **sepehri20731**.
- Each lab assignment will be issued one week prior to its due date. Please make sure that each lab assignment is submitted by 11:00 pm on its due date.
- **Missed lab assignments:** If a student does not submit an assignment for a documented or compassionate reason the weight will be redistributed across the remaining assignments. If you fail to provide such documentation, you get a score of zero for the assignment.
- **Term tests:** The term tests will be a mixture of multiple choice questions and short-answer graphical and numerical problems.
- **Missed term tests:** There is no make-up test. If a student misses a term test for a legitimate reason, the weight of the missing test(s) will be shifted to the final. If you fail to provide such documentation, you get a score of zero for the test.
- **The final examination:** A 2-hour exam will be held during the December examination period and includes a mixture of multiple choice questions and short-answer graphical and numerical problems.
- The term tests and final exam **are not cumulative**.
- Evaluation feedback will be provided by the voluntary withdrawal date, **Monday November 19**.
- Students appealing term work must do so within **10 working days** of receiving their mark.
- All final grades are subject to departmental review.

Study Tips

- The general rule is that you need to know the lectures and the text sections that accompany the lectures. Lectures and the text are compliments **not substitutes** for each other. I will use the class time to: (i) highlight key points of the topic and to cover selected points in detail, (ii) cover some specific topics not fully covered in the textbook, (iii) discuss current and recent events and (iv) review some past homework problems.
- Do not only read the text. This is a necessary but not sufficient condition for success in economics. It is much better to practice doing economics. This means that you must practice the problems and run through the mechanics of the models.
- I expect you to work through the set of exercises at the end of each chapter. These exercises in the book are perfect for exercising your mind and preparing for term tests and final examination.
- It is important to make use of my office hours as well as the course teaching assistant. If you find yourself falling behind or have difficulty to follow lecture materials, drop by my office early rather than waiting until exam time. I am always interested in hearing any comments or suggestions you may have regarding the course materials.

Writing and Learning Support: The Academic Learning Centre (ALC) offers services that may be helpful to you throughout your academic program. Through the ALC, you can meet with a learning specialist to discuss

concerns such as time management, learning strategies, and test-taking strategies. The ALC also offers peer supported study groups called Supplemental Instruction (SI) for certain courses, *including this course*, that students have typically found difficult. In these study groups, students have opportunities to ask questions, compare notes, discuss content, solve practice problems, and develop new study strategies in a group-learning format. These ALC services are free for U of M students. For more information, please visit the Academic Learning Centre website at: <http://umanitoba.ca/student/academiclearning>. You can also contact the Academic Learning Centre by calling 204-480-1481 or by visiting 201 Tier Building.

Attendance

- The decision to attend, or not attend lectures, is entirely up to the student. However, continuous class attendance is strongly encouraged. The textbook is very useful, but the main source of information in the class will be in the lectures. Any points raised in class can end up in the examinations. If students choose to miss a lecture, for whatever reason, it is up to the student to independently learn the material from the lecture. If students are having any difficulty with the material, I am, of course, happy to help them.
- To create a classroom setting that is conducive to learning, I expect students to conduct themselves respectfully. If you engage in actions that are disruptive to me and my train of thought or to the class or some sub-section of it, I may ask you to leave the classroom for the duration of the class session.
- If you are late, please enter quietly and take the nearest seat available.
- If you need to leave early, you should inform me of that before class begins and sit near an exit. Otherwise, do not begin packing up and leaving before class is over.

Email Policy: Due to the large number of students in this class, I will only respond immediately to emails which request an appointment with me. Other emails will be responded to during my office hours.

The Grading Scale:

The final grade for the course will be based on the following distribution:

91 - 100	A ⁺	60 - 65	C ⁺
82 - 90	A	55 - 59	C
74 - 81	B ⁺	50 - 54	D
66 - 73	B	0 - 49	F

Device policy

- To create a classroom setting that is conducive to learning, I expect students to conduct themselves respectfully.
- Students are responsible for making sure that their cell phones and other communication devices are turned off during class. Students should not participate in personal direct electronic messaging / posting activities (e-mail, texting, video or voice chat, wikis, blogs, social networking (e.g. Facebook) online and offline “gaming” during scheduled class time. If a student is on call (emergency) the student should switch his/her cell phone to vibrate mode and leave the classroom before using it. Students who violate this policy may be asked to leave class and meet with the instructor at a mutually agreed time before returning to class.

Academic Dishonesty

Students should acquaint themselves with the University’s policy on plagiarism and cheating and examination impersonation (“Impersonation at Examinations” (Section 5.2.9) and “Plagiarism and Cheating” (Section 8.1)) and duplicate submission by reading documentation provided at the Arts Student Resources web site at <http://www.umanitoba.ca/faculties/arts/student/index.html>.

Penalties for Plagiarism

The common penalty in Arts for plagiarism in a written assignment, test, or examination is F on the paper and F for the course. For the most serious acts of plagiarism, such as the purchase of an essay or cheating on a test or

examination, the penalty can also include suspension for a period of up to five years from registration in courses taught in a particular department in Arts or from all courses taught in this Faculty. The Faculty also reserves the right to submit student work that is suspected of being plagiarized to Internet sites designed to detect plagiarism.

Policy on unreturned term work:

It will be kept in a secure and confidential department area for a minimum of four months following the end of the course and until destroyed by confidential measures. The final day of the exam period is considered the last day of the term. Unreturned term work will become the property of the Faculty of Arts and will be subject to confidential destruction.

Electronic Devices and Copyright

The instructor (Ardeshir Sepehri) and the textbook publisher hold copyright over the course materials, presentations and lectures which form part of this course. No audio or video recording of lectures or presentations is allowed in any format, openly or surreptitiously, in whole or in part without permission of the instructor. Course materials (both paper and digital) are for the participant's private study and research only and are not to be redistributed.

Tentative Outline

Part I. Fundamentals of Macroeconomics: A Review

1. The issues of macroeconomics: A tour of the world
ch. 1
2. Measuring economic performance: output, income, inflation and unemployment
ch. 2

Part II. A Short-term Theoretical Framework for Macroeconomic Analysis: Keynesian Model

1. A theory of output (employment) determination with some policy applications
ch. 3
2. Keynesian theory of interest rate determination
ch. 4
3. Keynesian theory of income and interest rate determination in a closed economy: The IS-LM model
ch. 5
4. Keynesian theory of income and interest rate determination in an open economy
chs. 17-19
5. Expectations: The IS-LM model revisited
chs. 14-16

Part III. A Medium Term Model of Output, Employment and Price Determination

1. Classical/new classical theory of output, employment and price determination

Jansen, D., Delorme, C., and Ekelund, R. *Intermediate Macroeconomics*, ch. 3.

2. New Keynesian theory of output, employment and price determination

chs. 7-9

Student Registration Instructions

To register for **Macroeconomics, Seventh Edition** :

1. Go to www.pearson.com/mylab .
2. Under Register, select **Student** .
3. Confirm you have the information needed, then select **OK! Register now** .
4. Enter your instructor's course ID: sepehri20731 , and **Continue** .
5. Enter your existing Pearson account **username** and **password** to **Sign In** .
You have an account if you have ever used a MyLab or Mastering product.
 - » If you don't have an account, select **Create** and complete the required fields.
6. Select an access option.
 - » Enter the access code that came with your textbook or that you purchased separately from the bookstore.
 - » If available for your course,
 - Buy access using a credit card or PayPal.
 - Get temporary access.
7. From the You're Done! page, select **Go To My Courses** .
8. On the My Courses page, select the course name **Macroeconomics, Seventh Edition** to start your work.

To sign in later:

1. Go to www.pearson.com/mylab .
2. Select **Sign In** .
3. Enter your Pearson account **username** and **password**, and **Sign In** .
4. Select the course name **Macroeconomics, Seventh Edition** to start your work.

To upgrade temporary access to full access:

1. Go to www.pearson.com/mylab .
2. Select **Sign In** .
3. Enter your Pearson account **username** and **password**, and **Sign In** .
4. Select **Upgrade access** for **Macroeconomics, Seventh Edition** .
5. Enter an access code or buy access with a credit card or PayPal.