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.
- Understand the trade-off between inflation and unemployment in the short-run.

Textbook:
The required textbook for the course is:


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 economy and current policy debates in class.
Evaluation and Course Requirements: The course assessment will be based on TWO term tests and final examination. The date for term tests/final examination and their weights are as follows:

<table>
<thead>
<tr>
<th>Course Requirement</th>
<th>Weight</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Group assignment I</td>
<td>7%</td>
<td>October 17</td>
</tr>
<tr>
<td>2. Term-test I</td>
<td>25%</td>
<td>October 19</td>
</tr>
<tr>
<td>3. Group assignment II</td>
<td>8%</td>
<td>November 14</td>
</tr>
<tr>
<td>4. Term test II</td>
<td>30%</td>
<td>November 16</td>
</tr>
<tr>
<td>5. Final exam</td>
<td>30%</td>
<td>December examination period</td>
</tr>
</tbody>
</table>

Notes about evaluation
- **Assignments:** The assignments will be issued ten days prior to their due date as specified above. I encourage you to work in groups on assignments and submit assignments jointly. Up to 3 students can form one study group and you should attempt to solve the homework on your own before your study group meets. Each assignment is due at the beginning of class on the due date. Late assignments will not be accepted.
- **Missed assignments:** If a student does not submit an assignment for a documented or compassionate reason the weight will be redistributed across the remaining assignment and exams.
- **Term tests and final exam:** The term tests and final examination will be a mixture of multiple choice questions and short-answer graphical and numerical problems.
- **Missed term tests:** If you miss a mid-term test for a legitimate reason, I will re-distribute its weight to the final exam. If you fail to provide such documentation, I will give you a score of zero for the exam.
- Evaluation feedback will be provided by the voluntary withdrawal date, November 18.
- 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.
- 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. You may consider working with your study group on exercises in the book.
- 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:

<table>
<thead>
<tr>
<th>Grade</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>A+</td>
<td>91 - 100</td>
</tr>
<tr>
<td>A</td>
<td>82 - 90</td>
</tr>
<tr>
<td>B+</td>
<td>74 - 81</td>
</tr>
<tr>
<td>B</td>
<td>66 - 73</td>
</tr>
<tr>
<td>C+</td>
<td>60 - 65</td>
</tr>
<tr>
<td>C</td>
<td>55 - 59</td>
</tr>
<tr>
<td>D</td>
<td>50 - 54</td>
</tr>
<tr>
<td>F</td>
<td>0 - 49</td>
</tr>
</tbody>
</table>

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), the University of Manitoba, 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.

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**Tentative Outline**

**Part I. Fundamentals of Macroeconomics: A Review**

1. The issues of macroeconomics: A tour of the world
   - Blanchard and Johnson, ch. 1

2. Measuring economic performance: output, income, inflation and unemployment
   - Blanchard and Johnson, 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
   - Blanchard and Johnson, ch. 3

2. Keynesian theory of interest rate determination
   - Blanchard and Johnson, ch. 4, pp. 58-71, 75-77

   - Blanchard and Johnson, ch. 5

4. Keynesian theory of income and interest rate determination in an open economy
   - Blanchard and Johnson, chs. 6-8

5. Expectations: The IS-LM model revisited
Part III. A Medium Term Model of Output, Employment and Price Determination

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

2. New Keynesian theory of output, employment and price determination
   Blanchard and Johnson, chs. 9-11