

WILFRID LAURIER UNIVERSITY

FALL 2011

ECONOMICS 250: INTERMEDIATE MACROECONOMIC ANALYSIS FOR MANAGEMENT

INSTRUCTOR: Jerzy (Jurek) Konieczny

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Office hours: Tuesdays Thursdays 10:00-12:00, P3134

COURSE OBJECTIVES:

Economics 250 is a course in intermediate macroeconomic analysis for students in the Honours Business Administration Program. It builds upon the foundations set in Economics 140, and is designed to both broaden and deepen your knowledge of macroeconomics. The focus of the course is on understanding the behaviour of the economy, with particular emphasis on recent events, and gaining understanding of the major macroeconomic problems and policy issues which Canada and the world face and will face in the future. As you may know, the world economy has been in turmoil for three years with no end in sight. We will spend a significant amount of the course discussing the Great Recession and subsequent developments.

TEXT:

N. Gregory Mankiw and William Scarth, Macroeconomics: 4th Canadian Edition (Worth Publishers, 2011)

Course website: http://www.konieczny.ca/ECO_250_2011.php

EVALUATION:

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| 1. Mid-term #1: (25% of the final grade) | October 15, Saturday, from 9:00 - 10:30 AM. Rooms TBA |
| 2. Mid-term #2: (25% of the final grade) | November 19, Saturday, from 9:00 - 10:30 AM. Rooms TBA |
| 3. 10 clicker quizzes: 5% of the final grade | in class |
| 4. Final exam: (50% of the final grade) | December 2011 Time and Place: TBA |

Coverage: The first mid-term will cover most of Parts I or II; the second mid-term will cover most of parts III-V. The exact coverage will depend on how fast we are covering material. This course is for the first time taught in such a large class, so the speed may need to be adjusted. The final exam will be comprehensive. Exams will be multiple choice.

Exam Policy: **NO** deferred mid-term exams will be offered. If a student is absent from a mid-term exam for justifiable and documented reason (illness, or other emergency), the weight of the mid-term which is missed will be shifted to the other mid-term and final exam such that the weights are: the other mid-term- 33%, final exam - 67%; if a student is absent from both mid-term exams for justifiable and documented reasons (illness, or other emergency), the final exam will count for 100% of the final grade. In case of unjustified absences from a mid-term the grade on that exam will be recorded as zero.

Course organization: The course will cover topics listed below. The readings will include the textbook and additional material provided on the course website. The material on the course website will be provided at least a week before class. You are required to follow the website regularly. Clicker tests will include material from lectures, and the additional material from the website.

The clicker quizzes are aimed at encouraging you to follow the course, and come to class. Economics is a complex subject and it is difficult to learn on your own. Reading the book and your notes is of course necessary, but it is not sufficient, condition for success in the course. That is why the grade for clicker participation is a bonus.

Practice questions/problems: Sets of practice multiple choice questions and problems (with answers) will be posted on the course website

Accessible Learning Students

Students with disabilities or special needs are advised to contact Laurier's Accessible Learning Office for information regarding its services and resources. Students are encouraged to review the Calendar for information regarding all services available on campus.

COURSE OUTLINE**PART I. Introduction**

I.1. Introduction and Overview:	Website notes
I.2. The Science of Macroeconomics	Ch. 1
I.3. The Data of Macroeconomics – how output is measured	Ch. 2, section 2-1

Part II. Foundations of macroeconomics: what households and businesses do.

II. 4. Consumption	Ch. 17 sections 17.1, 17.2, 17.3 and 17.4
II. 5. Investment	Ch. 18
II.6 . Money and Inflation	Ch. 2, section 2.2
	Ch. 4, sections 4.1, 4.2, 4.3, 4.4, 4.6
II. 7. Unemployment	Ch. 2, section 2.3, Ch. 6, skip the Appendix

Part III. Short-term fluctuations.

III. 9. IS-LM: the basic framework to understand macroeconomic policy	Ch. 10, Ch 11, skip the Appendix
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Part IV. Macroeconomic Policy

IV. 10. Monetary policy: inflation targeting, rules and discretion	Ch. 15, skip the Appendix
IV. 11. Fiscal policy, government debt, deficits	Ch. 16, skip the Appendix
IV. 12. Experience from the Great Recession	Website notes

Part V. Open Economy

V. 13. Investment, savings and current account balance	Ch 5
V. 13. Exchange rates	Website notes
V. 15. Monetary and fiscal policy in open economy	Ch. 12, sections 12.1-12.5

Part VI. Major policy issues

VI. 16. Global imbalances	Website notes
VI. 17. Sovereign debt crisis	
VI. 18. The rise of emerging economies	

Plus important macroeconomic events that will happen during the course. A lot would likely happen. Some possibilities:

- The US economy weakens, stock market declines and a double-dip recession is announced
- The Canadian economy grows very slowly
- There is a banking crisis in Europe
- European countries move towards fiscal integration
- Greece leaves the Euro