ECON 1BB3 C01: INTRODUCTORY MACROECONOMICS

Spring 2019

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Office: TBA
Office Hours: Thursdays 1:30-2:30 p.m.
Lecture: Tues Thurs 9:00 a.m. – 12:00 p.m.
CNH B107

TA: TBA
Email: TBA
Office: TBA
Office Hours: TBA

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COURSE DESCRIPTION
This course introduces you to the principles essential to understanding contemporary macroeconomic issues. The course also gives you an introduction to the determination of national income, unemployment and inflation, interest rates, the exchange rate and monetary and fiscal policy.

PREREQUISITES
There are no perquisites for this course

COURSE OBJECTIVES
By the end of the course students should be able to:

- Understand the basic economic problem; economics is a science of choice.
- Explain principles of essential to understanding contemporary macroeconomic issues.
- Identify the determination of national income, the consumer price index, saving and investment, the effects of government debt, unemployment and inflation, economic growth, interest rates, the exchange rate and monetary and fiscal policy, business cycles and the aggregate demand and supply model.
- Analyze how economists use models to study the economy at the aggregate level.

CLASS FORMAT
This class consists of two lectures per week.

COURSE MATERIALS AND TEXTS

- Course Textbook

Course Study Guide

APLIA (Optional)
- Course Textbook + Study Guide + APLIA Package - ISBN 9780176818371

Companion Website:

AVENUE TO LEARN
- Avenue to Learn (or Avenue or A2L) is McMaster’s learning management system and is where all course material will be posted.
- To access Avenue click on the following link: http://avenue.mcmaster.ca/
- Course material is posted under the ‘Content Tab’ and includes:
  - Course Outline
  - Review Questions
  - Study Guide Questions
  - PowerPoint Notes
  - Examples
  - Textbook Questions and Answers
  - Lecture Notes

Lecture Notes
- I will post part notes on Avenue before each the lecture for the chapter(s) covered
- Full notes will be posted on Avenue after the lecture
- Therefore, please print off the part notes and bring them to class
- The part notes for a chapter will end with the letter ‘B’ and the full notes for a chapter will end with the letter ‘A’.
- i.e. Chapter 1 part notes are called CHAPTER 1-B Chapter 1 full notes are called CHAPTER 1-A
- Note – Full notes will have the page with the blanks first followed by the completed page
- See diagram (next page) for a screen print of the Lecture notes under the Content tab:
Announcements

- Course announcements will also be posted on the NewsFeed.
- Announcements include such things as ‘Weekly Reminders’ to let you know what we will be covering each week or a reaffirmation of test dates or any rescheduling of office hours.

*Remember to check Avenue frequently*

Students should be aware that, when they access the electronic components of this course, private information such as first and last names, user names for the McMaster e-mail accounts, and program affiliation may become apparent to all other students in the same course. The available information is dependent on the technology used. Continuation in this course will be deemed consent to this disclosure. If you have any questions or concerns about such disclosure please discuss this with the course instructor.

**COURSE EVALUATION – OVERVIEW**

1. Test 1 (25%), Thursday May 16 2019
2. Test 2 (25%), Tuesday June 04 2019
3. APLIA (OPTIONAL)
   - Aplia math review test 2%
   - Aplia online homework 8%
4. Final Exam 40% or 50% Thursday June 20 2019

You must pass the final to pass the course
COURSE EVALUATION – DETAILS

Test 1 (25%), Thursday May 16 2019 9:00-10:15 a.m. CNH B107

Test 1 will consist of 40 multiple choice questions and will cover Chapters 1-5.

Test 2 (25%), Tuesday June 04 2019 9:00-10:15 a.m. CNH B107

Test 2 will consist of 40 multiple choice questions and will cover Chapters 6, 8, 9, 10, 11.

Final Exam (40% with Aplia 50% without Aplia) Thursday June 20 9:00-11:00 a.m. CNH B107

The final exam will consist of 65 multiple choice questions
The final exam will cover Chapters 5, 6, 7, 8, 9, 10, 11, 12, 14, 15 pp. 352-363

Math Test and Aplia Assignments (Optional)

• The remaining portion of your grade involves use of the Aplia website which requires a separate registration process
• The registration and payment process will be outlined in a handout posted on Avenue under the Content tab.
• If you purchased a new book, it will come packaged with Aplia
• You can also purchase Aplia access online (comes with an e-text)

Aplia Assignments

• Because economics involves knowledge of basic math, you will be required to complete a math test on the Aplia website
• You must take the math test on or before Friday May 10th at 11:45 p.m.
• No extensions will be granted
• The remaining portion of your grade consists of 11 online graded assignments over the term using Aplia.
• (See diagram next page for a sample list of Aplia assignments)

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1The Aplia overall grade out of 10 is calculated at the end of the course and posted on Avenue gradebook, but students may check individual assignment grades on the Aplia website.
Graded Aplia Assignments

- You are allowed to miss 3 (three) Aplia assignments without penalty
- You don’t need a doctor’s note or need to contact anyone to use a free pass
- MSAF forms will not be granted for homework assignments
- If you complete all 11 assignments the top 8 assignments count
- Please note: Given the large number of free passes, assignments must be completed on or before the due date and no extensions will be granted

Aplia and Final Grade

- Students who do not wish to use Aplia can opt-out of the online math review test and assignments
- The weight of the math review test and Aplia assignments will automatically be transferred to the final exam, so the final exam will be worth 50%
• And if your final exam grade out of 10% exceeds your Aplia grade, your final exam will be worth 50%
• Please note you have free trial access to Aplia for a period of up to two weeks

COURSE POLICIES

Note – you must pass the final to pass the course

Grades

Grades will be based on the McMaster University grading scale:

<table>
<thead>
<tr>
<th>MARK</th>
<th>GRADE</th>
</tr>
</thead>
<tbody>
<tr>
<td>90-100</td>
<td>A+</td>
</tr>
<tr>
<td>85-90</td>
<td>A</td>
</tr>
<tr>
<td>80-84</td>
<td>A-</td>
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<td>77-79</td>
<td>B+</td>
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<td>70-72</td>
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<td>67-69</td>
<td>C+</td>
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<td>63-66</td>
<td>C</td>
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<td>60-62</td>
<td>C-</td>
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<tr>
<td>57-59</td>
<td>D+</td>
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<tr>
<td>53-56</td>
<td>D</td>
</tr>
<tr>
<td>50-52</td>
<td>D-</td>
</tr>
<tr>
<td>0-49</td>
<td>F</td>
</tr>
</tbody>
</table>

Absences, Missed Work, Illness (MSAF)

MSAF

• The McMaster Student Absence Reporting Form, MSAF is available at McMaster
• It may be used once per term to report an absence for pieces of work worth 24% or less of your total grade
• **You cannot use the usual online MSAF to report an absence from a test in this course because our tests are each worth 25%**
• Please don’t attempt to use a falsified MSAF for this course

IF YOU MISS A TEST:

• Take your documentation to your faculty’s Associate Dean’s office to obtain special permission
• They will decide if you should be excused from the test, and if so, they will either notify me or allow you to use a special MSAF
• If you are excused, the weight of your missed test will be moved to the final exam
• Make-up tests will not be given under any circumstances
IF YOU MISS THE FINAL EXAM:

- The MSAF cannot be used for a missed examination for any McMaster course
- Take your documentation to your faculty’s Associate Dean’s office
- They will decide if you should be excused from the exam
- If you are you will write a deferred exam in Fall 2019
  Note that students who write a deferred exam generally do poorly and earn a much lower overall grade than students who write the regularly scheduled final exam

Students who do not write the exam in June will receive an F until a deferred exam has been written

Where to Get Help

To get help with the course material, you have two options:

- The instructor: I have office hours Thursdays 1:30-2:30 pm
- TA office hours: TBA
- If you are having trouble with technical or administrative matters relating to Aplia, please email nelson.brain@nelson.com or call 1 800 668 0671
- They are available 8 am – 6 pm EST

Calculators

- Only the McMaster University standard (Casio FX-991) calculator is permitted on tests/exams.
- See McMaster calculator policy at the following URL:
  http://www.mcmaster.ca/policy/Students-AcademicStudies/examinationindex.html

UNIVERSITY POLICIES

Academic Integrity Statement

You are expected to exhibit honesty and use ethical behavior in all aspects of the learning process. Academic credentials you earn are rooted in principles of honesty and academic integrity.

Academic dishonesty is to knowingly act or fail to act in a way that results or could result in unearned academic credit or advantage. This behavior can result in serious consequences, e.g. the grade of zero on an assignment, loss of credit with a notation on the transcript (notation reads: “Grade of F assigned for academic dishonesty”), and/or suspension or expulsion from the university.

It is your responsibility to understand what constitutes academic dishonesty. For information on the various types of academic dishonesty please refer to the Academic Integrity Policy.

The following illustrates only three forms of academic dishonesty:
1. Plagiarism, e.g. the submission of work that is not one’s own or for which credit has been obtained.
2. Improper collaboration in group work.
3. Copying or using unauthorized aids in tests and examinations.

**Academic Accommodation of Students with Disabilities**

Students who require academic accommodation must contact Student Accessibility Services (SAS) to make arrangements. Academic accommodations must be arranged before classes or academic work begins, and for each term of study. Student Accessibility Services can be contacted by phone 905-525-9140 ext. 28652 or e-mail sas@mcmaster.ca. For further information, consult McMaster University’s Policy for Academic Accommodation of Students with Disabilities.

**Academic Accommodation for Religious, Indigenous and Spiritual Observances**

Students who require academic accommodation due to an Observance must submit a RISO form to their Faculty office, electronically or in person, normally within ten working days from the beginning of each term in which they are anticipating a need for Accommodation. For further information, consult McMaster University’s Policy on Academic Accommodation for Religious, Indigenous and Spiritual Observances.

**Faculty of Social Sciences E-mail Communication Policy**

Effective September 1, 2010, it is the policy of the Faculty of Social Sciences that all e-mail communication sent from students to instructors (including TAs), and from students to staff, must originate from the student’s own McMaster University e-mail account. This policy protects confidentiality and confirms the identity of the student. It is the student’s responsibility to ensure that communication is sent to the university from a McMaster account. If an instructor becomes aware that a communication has come from an alternate address, the instructor may not reply at his or her discretion.

**Course Modification**

The instructor and university reserve the right to modify elements of the course during the term. The university may change the dates and deadlines for any or all courses in extreme circumstances. If either type of modification becomes necessary, reasonable notice and communication with the students will be given with explanation and the opportunity to comment on changes. It is the responsibility of the student to check his/her McMaster email and course websites weekly during the term and to note any changes.
WEEKLY COURSE SCHEDULE (AND/OR IMPORTANT DATES)

Week 1 (May 07, 09)
Introduction
Demand and Supply
Readings: [CH 1, 2, 3 4]
Notes: Omit reading on the following concepts:

Chapter 1
Page 12 - Property rights
Page 12 - Market failure, externality, market power
Page 14 - Inflation
Page 15 - Business cycles

Week 2 (May 14, 16)
Data of Macroeconomics
Readings: [CH 4, 5, Test 1]
Notes: Test 1 – Thursday May 16 9:00-10:15 a.m.
Review, Test 1

Week 3 (May 21, 23)
Data of Macroeconomics
Real Economy in the Long Run
Unemployment
The Monetary System
Readings: [CH 6, 8, 9, 10]
Notes: Omit reading on the following concepts:

Chapter 8
Page 158 - Definition of a mutual fund
Page 170 - Definition of vicious circle
Page 170 - Definition of virtuous circle

Chapter 9
Page 185 – Discouraged searchers (text) and discouraged workers (notes) have the same meaning

Chapter 10
Page 211 – Figure 10.1 – “Two Measures of the Money Stock for the Canadian Economy”
‘money stock’ and ‘money supply’ have the same meaning
Week 3 (May 21, 23)  
Continued

Notes: Omit reading on the following concepts:

Page 223 - Bank capital
Page 223 - Leverage
Pages 218 - 220 - Section 10-3d ‘foreign exchange market operations’ and ‘sterilization’

Week 4 (May 28, 30)

Inflation
Open Economy Macroeconomics

Readings: [CH 11, 12 Review Test 2]

Notes: Omit reading on the following concepts:

Chapter 11

Page 247 - Section 11-2d - ‘Relative-Price Variability and the Misallocation of Resources’

Page 248 - Table 11.1 “How Inflation Raises the Tax Burden on Saving” and paragraph 2 - ‘tax treatment of interest income’

Week 5 (June 04, 06)

Open Economy Macroeconomics (continued)

Production and Growth, Theory of Liquidity Preference

Readings: [12, 7, 15 pp.352-356]

Notes:

Figure 15.4 p. 357]  
Test 2 Thursday June 04 9:00-10:15 a.m.

CH 6, 8, 9, 10, 11
Week 6 (June 11, 13)

Short Run Economic Fluctuations
Readings: [CH 14, CH 15 pp.356-363]

Notes: Omit reading on the following concepts

Chapter 14
Page 319 - Section 14-3a - “The Price Level and Consumption: The Wealth Effect”

Pages 330-331 - Sticky-price theory
Page 331 - Misperceptions theory

Week 7 (June 18, 20)

[Review Final Exam, Final Exam]

Notes: [Final Exam Thursday June 20

9:00-11:00 a.m.

CH 5, 6, 7, 8, 9, 10, 11, 12, 14,

15 pp. 352-363