

GRANDE PRAIRIE REGIONAL COLLEGE  
DEPARTMENT OF ARTS EDUCATION & COMMERCE  
EC 1020  
INTRODUCTION TO MACROECONOMIC

INSTRUCTOR: EBBY ASLANI WINTER 1996  
OFFICE: C 423  
PHONE: 539 2973  
OFFICE HRS: Mon., Wed., Fri. 11:00 - 12:00  
or By appointment

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COURSE OBJECTIVES:

To introduce students to the basic concepts and techniques of macroeconomic analysis. Attention will be paid to national income, prices, Classical & Keynesian approach to the study of unemployment, inflation, money & banking, monetary and fiscal policies, international trade and the exchange rate and economic growth. Whenever possible, emphasis will be given to on going problems of Canadian economy such as national debt, GST, Federal & Provincial Budget and the recent recession. We will spend some times to the problem of applying the fiscal policy as a solution to the economic recession of 91-94.

- \* High school level of algebra will be used extensively in this course.

TEXT BOOK:

Principal Text: Blomqvist, Wonnacott, Wonnacott and Fried Macroeconomics - Fourth Edition, McGraw-Hill, 1994.

Study Guide: Blomqvist, Wonnacott, Wonnacott and Fried Study Guide to Accompany Macroeconomics, McGraw-Hill, 1994.

- \*\* You may find it useful to review the following texts;

Fellows, Flanagan, Shedd and Waud Macroeconomics - In A Canadian Setting, Harper Collins, 1993.

Economics, Sixth Edition, Samuelson, Nordhaus and McCallum, McGraw-Hill Ryerson, 1988.

Annual Editions, Macroeconomics 90/91, & 91/92, The Dushkin Publishing group, 1990 & 1991

STUDENT EVALUATION:

Grade will be assigned on the bases of student performance in two assignments, one 50-minute mid-term exam, one 3-hour final exam and a term paper. The exam's dates and weights are as follows:

1st Assignment	Monday, Feb. 12	10%
Mid-Term exam	Friday, Feb. 23	20%
2nd Assignment	Friday, Mar. 18	10%
Term Paper	Last Monday of Class	20%
FINAL Exam	April	40%

GRADE DETERMINATION:

- After each assignment or examination is graded, I shall calculate the average grade for class. Sometimes the average will be low because of difficulty of the question and/or the high standard required while grading. when this happens, I shall calculate an adjustment factor, Y, according to the formula

$$Y = (\text{"desired" average grade}) / (\text{actual average grade})$$

where for a normal class, the "desired" average grade will be equal to 68. Thus  $Y > 1$ , then each individual's grade will be adjusted by multiplying the actual grade on the assignment (or examination) by the adjusted factor, Y. This adjusted grade is registered in the class records. [If the average grade for the class is above the "desired average grade" no adjustment will take place.]

- All adjusted grades are first recorded as percentages. After the final exam, the weighted average (.2 mid-term exam, .1 each assignments .2 term-paper and .4 final-exam) of the percentages will be converted to the college nine-point system according to the following table:

9 = 90% - 100%	4 = 50% - 56%
8 = 80% - 89%	3 = 45% - 49%
7 = 72% - 79%	2 = 26% - 44%
6 = 65% - 71%	1 = 0% - 25%
5 = 57% - 64%	

NOTE: Except for the adjustment of the raw grades of assignment or exams, grades are not changed. Moreover, the final grades are not determined with reference to any curve. As well, at any point of time student may find out exactly where he/she stands (compared with his/her goal.)

**COURSE OUTLINE:****INTRODUCTION:**

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|--|-------|
| 1. Economic Problems and Economic Goals      | Ch. 1 |
| 2. Scarcity and Choice, the Economic Problem | Ch. 2 |
| 3. Specialization, Exchange, and Money       | Ch. 3 |
| 4. Demand and Supply: The Market Mechanism   | Ch. 4 |
| 5. The Economic Role of the Government       | Ch. 5 |

**FOUNDATIONS OF MACROECONOMICS:**

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|---|-------|
| 6. The Measurement of Domestic Income & Product | Ch. 6 |
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J. F. HOUSTON, "The Underground Economy: Troubling Issue For Policymakers", AEM 90/91. Article 24, PP. 122-128.

"Life in the Underground:", Alberta Report, Feb. 4, 1985.

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| 7. Economic Fluctuations, Unemployment, & Inflation | Ch. 7 |
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**MACROECONOMIC THEORIES OF INCOME & EMPLOYMENT:**

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| 8. Aggregate Supply and Demand: The Classical Approach | Ch. 8  |
| 9. Aggregate Supply and Demand: The Keynesian Approach | Ch. 9  |
| 10. More Complicated Keynesian Model                   | Ch. 10 |

J. Aauch, "Is The Deficit Really So Bad?", AEM 91/92 Article 10, PP. 68-73.

A. Green, "Deficits Do Matter" \* AEM 91/92, Article 11, PP. 74-76.

R. B. Carson, "Alternative Economic Philosophies; A Survey of Conservative, Liberal, and Radical Critiques", AEM 91/92, Article 1, PP. 6-15.

**MONEY, BANKING & MONETARY POLICY:**

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| 11. Money & the Banking System | Ch. 11 |
|--------------------------------|--------|

M. C. Keeley, "A Cashless society?", AEM 90/91, Article 21, PP. 104-106.

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| 12. The Bank of Canada & the Tools of Monetary Policy    | Ch. 12 |
| 13. Monetary Policy or Fiscal Policy: The Closed Economy | Ch. 13 |
| 14. Stabilization Policy: The Open Economy               | Ch. 14 |

ISSUES IN STABILIZATION POLICY:

15. Aggregate Supply: The Inflation & Unemployment	Ch. 15
16. The Cost of Inflation	Ch. 16
17. Fine-Tuning or Stable Policy Setting?	Ch. 17

INTERNATIONAL ECONOMICS:

18. Productivity & Growth	Ch. 18
19. International Monetary System	Ch. 19

\* \* Due to the limited time, we may not be able to cover all of the above, but we will try.

NOTES:

1. It is strongly advisable that the appropriate chapters are read prior to each lecture since this is generally considered to be an important and helpful approach to the study of economics.
2. Failure to withdraw from the course before the official withdrawal deadline may result in an "F" grade because a mark of 0% will be assigned to the incomplete portion of the course work.
3. Absence from the class will not be accepted as a legitimate reason for failure to attend an exam on time.
4. Students are advised to consult the academic schedule, published in the College Calender, as to the dates set aside for scheduling of final exams and not to make plans for travel, holidays, employment, etc. which would affect their availability to write an exam on any of those days until the final exam schedule is determined.
5. Students are encouraged to contact the instructor regarding any questions pertaining to course materials or their performance in the course. Remember that your instructor is here to help you learn, not to make things hard for you. It is a great pleasure to see you in the office for consultation and discussion regarding the course, whenever you feel the need.....

BEST WISHES