

SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

SAULT STE. MARIE, ONTARIO



Sault College

COURSE OUTLINE

COURSE TITLE: Macroeconomics
CODE NO. : ECN104 **SEMESTER:** 08F
PROGRAM: 2035/2050
AUTHOR: J. Cavaliere BBA, MBA
DATE: 01-Sep-2008 **PREVIOUS OUTLINE DATED:** 01-09-2007
APPROVED: "Penny Perrier"

CHAIR

DATE

TOTAL CREDITS: 3

PREREQUISITE(S): None

HOURS/WEEK: 3

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I. COURSE DESCRIPTION:

Students will be introduced to the definition of economics and how it applies to business and government enterprises. Students will examine three fundamental economic questions and discuss the methodology and language of economics. A distinction will be made between macro- and microeconomics. Students will gain knowledge of the production capabilities for a nation. The course will introduce students to seven important macroeconomic goals and provide an overview of some important economic disputes.

II. LEARNING OUTCOMES AND ELEMENTS OF THE PERFORMANCE:

Upon successful completion of this course, the student will demonstrate the ability to:

1. Understand the Economic problem

Potential Elements of the Performance:

- Define economics, macroeconomics and microeconomics.
- Explain the basic economic problem of scarcity and choice.
- Discuss, in detail, the factors of production.
- Define opportunity cost and its role in economics.
- Discuss the three basic economic questions.
- Outline different types of economic systems
- Draw and explain the circular flow in an economy.
- Discuss agreement and disagreements in economics.
- Produce a PPC and explain what it shows.
- Outline macroeconomic goals.

2. Explain Demand and Supply

Potential Elements of the Performance:

- Distinguish between the terms “demand” and “quantity demanded” & “supply” and “quantity supplied”
- Define “demand and supply curves” and “explain the slope of the line.
- Discuss the concept of markets and market equilibrium.
- List and discuss the factors that cause demand to change.
- List and explain the factors that cause supply to change
- Distinguish between “changes in demand” and “changes in quantity demanded”.
- Distinguish between “changes in supply” and “changes in quantity supplied.”
- Explain normal and inferior goods.

3. Understand how National Income is measured
Potential Elements of the Performance:
 - Discuss the circular flow of income and the product and factor markets.
 - Distinguish between a flow of money and a stock of money.
 - Outline the leakages and injections and their overall impact.
 - Explain when an economy is growing, when it is shrinking, and when it is in equilibrium.
 - Define Gross Domestic Product, Gross National Product, Net Domestic Product and Net National Product.
 - Identify and explain the components of the GDP using the expenditure method.

4. Explain the relationship between Growth, Unemployment and Inflation
Potential Elements of the Performance:
 - Define economic growth and discuss its sources.
 - Discuss how economic production and growth are measured
 - Calculate such measurements as Nominal GDP, Real GDP, and the GDP Deflator.
 - Name and discuss business cycles, their causes and impact.
 - Outline the relationship between economic growth and economic welfare
 - Name and explain the different types of unemployment.
 - Explain how the unemployment rate is determined and be able to calculate the rate.
 - Develop an understanding of the changing nature of work and the economy.
 - Define inflation, different types of inflation & calculate inflation.
 - Demonstrate the use of the Rule of 70.
 - Discuss the costs associated with inflation.
 - Distinguish nominal from real interest rates.
 - Outline the two classifications or causes of inflation.

5. Understand the Aggregate Demand and Supply Model
Potential Elements of the Performance:
 - Define aggregate demand and aggregate supply and explain their short-run and long-run implications.
 - Discuss macroeconomic equilibrium.
 - Outline the determinants of aggregate supply, real GDP, and the price level.
 - Discuss the Keynesian and Neoclassical school of Aggregate Demand/Supply.
 - Identify and explain the concept of potential GDP.

6. Explain the concept of Aggregate Expenditures
Potential Elements of the Performance:
 - Distinguish between “autonomous and induced spending.”
 - Explain and calculate MPE, MLR, MTR, MPC, and MPS.
 - Outline the relationship between the MPC and MPS.
 - Discuss the components of the consumption and saving functions and perform the necessary calculations
 - Explain the role of investment, government and net exports in the aggregate expenditure model.
 - Discuss expenditure equilibrium and the changes in expenditures.
 - Explain, calculate and use the multiplier.

7. Understand Money and Banking
Potential Elements of the Performance:
 - Describe the characteristics of money and the functions of money.
 - Outline the different kinds of money.
 - Define money and explain the different measurements.
 - Explain, calculate and apply the money multiplier.
 - Discuss reserves in the banking system.
 - Discuss the various forms of demand for money compared to the desire for income.
 - Explain equilibrium in the money market and how changes in the money market affect the economy.

8. Explain the Money Market
Potential Elements of the Performance:
 - Understand that the rate of interest represents the price of money
 - Distinguish the two types of money demand
 - Explain and illustrate graphically how money supply and money demand affect the equilibrium interest rate
 - Describe the two views of how the money market affects the level of real GDP and inflation.

9. Understand International Trade
Potential Elements of the Performance:
 - Explain why nations trade with each other.
 - Explain why nations import certain goods even though they can be made more cheaply at home.
 - Explain how the gains from trade are divided between trading partners.
 - Identify arguments for and against free trade.

10. Understand exchange rates and the balance of payments.
Potential Elements of the Performance:
 - Calculate the value of the Canadian dollar in terms of other currency.
 - Identify who wants to buy and sell Canadian dollars.
 - Explain why the value of the Canadian dollar fluctuates.
 - Compare flexible and fixed exchange rate systems.
 - Understand what a balance of payments surplus and deficit means.

11. Understand the concept of Fiscal Policy
Potential Elements of the Performance:
 - Define fiscal policy.
 - Discuss government revenue as it relates to the tax rate, the size of the GDP and the government's own spending.
 - Discuss balanced government budget and full-employment equilibrium.
 - Explain the pros and cons of government having a balanced budget each fiscal year.
 - Discuss the cause, size, and problems of Canada's national debt.

12. Understand Monetary Policy
Potential Elements of the Performance:
 - Describe the major functions of The Bank of Canada.
 - Understand why monetary policy is needed.
 - Describe the arguments for and against the three different approaches to monetary policy.

III. TOPICS:

1. The Economic Problem
2. Introduction to Demand and Supply
3. Measuring National Income
4. Growth, Unemployment and Supply
5. Aggregate Demand and Supply
6. Aggregate Expenditures
7. Money and Banking
8. The Money Market
9. International Trade
10. Exchange rates and the balance of payments.
11. Fiscal Policy
12. Monetary Policy

IV. REQUIRED RESOURCES/TEXTS/MATERIALS:

Principles of Macroeconomics, 5th Edition, Sayre, McGraw-Hill Ryerson ISBN: 9780070946408

V. EVALUATION PROCESS AND GRADING SYSTEM:

Test #1: Chapters 1, 2 & 3	20% of final grade
Test #2: Chapters 4, 5 & 6	20% of final grade
Test #3: Chapters 7, 8 & 9	20% of final grade
Test #4: Chapters 10,11 &12	<u>20%</u> of final grade
Total	100%

Tests: Students can expect tests to be practical in nature (the application of textbook material) and multifaceted (there will be a variety of measurement devices used). Test material includes all supplements.

There will be no re-writes of missed TESTS. There will be NO SUPPLEMENTARY TESTS.

<u>Grade</u>	<u>Definition</u>	<u>Grade Point Equivalent</u>
A+	90 – 100%	4.00
A	80 – 89%	3.00
B	70 - 79%	2.00
C	60 - 69%	1.00
D	50 – 59%	0.00
F (Fail)	49% and below	
CR (Credit)	Credit for diploma requirements has been awarded.	
S	Satisfactory achievement in field /clinical placement or non-graded subject area.	
U	Unsatisfactory achievement in field/clinical placement or non-graded subject area.	
X	A temporary grade limited to situations with extenuating circumstances giving a student additional time to complete the requirements for a course.	
NR	Grade not reported to Registrar's office.	
W	Student has withdrawn from the course without academic penalty.	

VI. SPECIAL NOTES:

Special Needs:

If you are a student with special needs (e.g. physical limitations, visual impairments, hearing impairments, or learning disabilities), you are encouraged to discuss required accommodations with your professor and/or the Special Needs office. Visit Room E1101 or call Extension 2703 so that support services can be arranged for you.

Retention of Course Outlines:

It is the responsibility of the student to retain all course outlines for possible future use in acquiring advanced standing at other postsecondary institutions.

Communication:

The College considers **WebCT/LMS** as the primary channel of communication for each course. Regularly checking this software platform is critical as it will keep you directly connected with faculty and current course information. Success in this course may be directly related to your willingness to take advantage of the **Learning Management System** communication tool.

Plagiarism:

Students should refer to the definition of “academic dishonesty” in *Student Code of Conduct*. Students who engage in academic dishonesty will receive an automatic failure for that submission and/or such other penalty, up to and including expulsion from the course/program, as may be decided by the professor/dean. In order to protect students from inadvertent plagiarism, to protect the copyright of the material referenced, and to credit the author of the material, it is the policy of the department to employ a documentation format for referencing source material.

Course Outline Amendments:

The professor reserves the right to change the information contained in this course outline depending on the needs of the learner and the availability of resources.

Substitute course information is available in the Registrar's office.

Attendance:

Students are expected to attend all scheduled classes. Attendance will be taken for each class on a sign in basis.

In all cases, attendance of less than 80% of the scheduled classes is not acceptable.

Classroom Decorum:

Students will respect the diversity and the dignity of those in the classroom. Student will respect the professor's right and duty to teach and students' right to learn without interference. Students who cause any interference with the objectives of the class will be asked to leave the classroom.

If a student is asked to leave the classroom a second time, he/she must make an appointment with the Chair of the Business Department who will decide if the student will be permitted to return to class.

Students attending this class do so to study Human Resources Management; therefore, no other activity will be permitted. Student's who wish to engage in other activities will be asked to leave the classroom, as described above.

Cell Phones must be turned off during class time. If a student does not follow this policy they will be asked to leave the classroom.

It is the professor's intention to maintain proper classroom decorum at all times in order to provide the best possible learning and teaching environment.

Return of Students' Test, Assignments:

Tests and assignments will be returned to students during one of the normal class times. Any student not present at that time must pick up his/her test or assignment at the professor's office within three weeks of that class. Tests and assignments not picked up within the three weeks will be discarded. End of semester tests and assignments will be held for three weeks following the end of the semester. If they have not been picked up within that three-week period, they will be discarded.

Students are required to retain their tests and assignments in the event that there is a disagreement with the mark received and the mark recorded by the professor. If the student is not able to present the instrument in question, the professor's recorded mark will stand.

VII. PRIOR LEARNING ASSESSMENT:

Students who wish to apply for advance credit transfer (advanced standing) should obtain an Application for Advance Credit Form from the program coordinator (for course-specific courses), or the course coordinator (for general education courses), or the program's academic assistant. Students will be required to provide an unofficial transcript and course outline related to the course in question.

Credit for prior learning will also be given upon successful completion of a challenge exam or portfolio.