

SAULT COLLEGE OF APPLIED ARTS & TECHNOLOGY

SAULT STE. MARIE, ONTARIO

C O U R S E O U T L I N E

Course Title:- MACROECONOMICS

Code No.:- ECN 104

Program:- BUSINESS

Semester:- TWO

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New: _____ Revision: X

APPROVED: *J. Amontill*
Dean

Date: 93-01-05

GENERAL:

Economics is an interesting, newsworthy and sometimes contentious subject which is very relevant to all of us in every walk of life. No other subject affects us as much in our daily lives as we engage in various activities to earn a living and enjoy life.

This course is designed to provide the student with the knowledge of the basic economic terms and concepts as they apply to the contemporary economy and economic problems of Canada.

While economics is sometimes complex, it is not difficult and this course will attempt to discuss this subject in a relevant and interesting manner.

OBJECTIVES:

1. To introduce students to basic economic terms and concepts.
2. To define the concepts of supply and demand and examine the role they play in determining economic prosperity.
3. To provide students with the knowledge of consumption, savings and investment, and their significance in economic activity.
4. To examine economic instability and the "multiplier effect" and how the government uses fiscal and monetary policies in an attempt to influence the economy.
5. To explain in some detail, inflation, its causes, policies to control inflation and the problem of stagflation.
6. To provide students with the knowledge of some of Canada's current economic problems in order that the students may draw their own conclusions concerning the problems and possible solutions.

METHODOLOGY:

A variety of methods may be employed to cover the course content. These may include lecture, discussion and study groups depending on the size of the class and the commitment and involvement of the students. Students will be required to read and understand the relevant chapters of the textbook and other assigned readings.

Student projects and/or other assignments will also be required.

EVALUATION & MARKING SCHEME:

Students will be evaluated on the following basis:

- Projects, assignments, and quizzes	20%
- First test	20%
- Second test	25%
- Final test (semester work)	35%
TOTAL	<hr/> 100%

Dates of tests will be announced approximately one week in advance. Tests may be held outside of regular class times.

Quizzes may or may not be announced in advance. If a student misses a quiz, he/she will receive zero for that quiz. No make-up quizzes will be given. However, consideration may be given to students who make arrangements before a quiz is held.

If a student is not able to write a test because of illness or a legitimate emergency, that student must contact the professor prior to the test and provide an explanation which is acceptable to the professor. (Medical certificates or other appropriate proof may be required.) In all other cases, the student will receive a mark of zero for that test and will have to repeat the course.

THERE WILL BE NO REWRITES OF ANY SEMESTER TEST OR FINAL TEST.

FINAL GRADE:

The final grade will be based on the following scale:

90% or more	"A+"
80% to 89%	"A"
70% to 79%	"B"
60% to 69%	"C"
59% or less	"R"

Each student must meet the following requirements in order to complete this course successfully:

1. Must complete, in a fashion acceptable to the professor, all projects, presentations, and other assignments.
2. Must write two tests and the final exam. If a student misses a semester test or the final test and has not made appropriate arrangements as outlined above, he/she will receive a mark of zero for that test.
3. Must have an overall mark of 60%. This mark includes all work in the semester.

Students who are not successful in achieving the minimum mark of 60% and/or do not complete the required assignments in an acceptable fashion, as they are due, will repeat the course.

THERE WILL BE NO SUPPLEMENTARY TESTS/EXAMINATIONS.

RESOURCE MATERIAL:

Principal Text: Macroeconomics, Third Canadian Edition & The Study Guide; A. Blomqvist, P. Wonnacott, R. Wonnacott; McGraw-Hill Ryerson Limited, 1990

Support Material: 1. Economics A Problem Solving Approach (Second Edition) Elijah M. James: Prentice-Hall Canada Inc. 1991.

2. Current newspapers & periodicals.

NOTE:

All assignments must be submitted to the professor at the beginning of class on the due date. Assignments may be submitted in advance but no assignments will be accepted after the stated deadline. It is the student's responsibility to ensure the professor gets the completed assignment.

Questions assigned for homework must be completed properly and be available at any time to be submitted for evaluation. They too will be collected at the beginning of class and none will be accepted after that time.

Quizzes, tests, assignments, projects, etc. will be returned to students during one of the normal class times. Any student not present at that class must pick up his/her test, etc. at the teacher's office within three weeks after that class. Tests, etc. not picked up within three weeks will be discarded. End of semester tests, etc. must be picked up within three weeks or they will be discarded.

Tests, etc. will be returned only to those students to whom they belong.

MACROECONOMICS
COURSE OUTLINE - WEEKLY SCHEDULE

subject to change, the following is a proposed weekly schedule of subjects which will be included in the instructions. They are not necessarily the only subjects to be taught but rather the major areas to be covered and are presented to indicate the overall, general direction of the course.

<u>WEEK</u>	<u>SUBJECT</u>	<u>REQUIRED READINGS</u>
1	<u>Economic Problems & Goals</u> -economics defined -economic growth, questions & problems -role of government -five economic goals & interrelationships -economic diagrams (appendix)	Chapter 1
2	<u>Scarcity & Choice:</u> <u>The Economic Problem</u> -what is scarcity -factors of production -entrepreneurial ability -production possibilities -opportunity costs -economic growth -economic development -positive & normative economics	Chapter 2
	<u>Specialization, Exchange & Money</u> -barter system -monetary system -characteristics of money -Gresham's Law -absolute & comparative advantage -economies of scale -economies of scale & the Canadian & U.S. free-trade agreement	Chapter 3
3	<u>Demand & Supply:</u> <u>The Market Mechanism</u> -three basic economic questions -market & government -economic systems -market mechanism & role of prices -types of competition -demand & quantity demanded -supply & quantity supplied -shifts in demand and supply -the interconnected questions -market strengths & limitations	Chapter 4

- 4 Economic Role of Government Chapter 5
- how gov't influences the economy
 - growth in government spending
 - gov't purchases vs. transfers
 - budgets of Canadian Governments
 - inter-governmental fiscal relations
 - public enterprises
 - five roles of government
 - taxation
- 5 Measuring Domestic and National Product and Income Chapter 6
- gross national product
 - gross domestic product
 - value added concept
 - GNP/GDP categories
 - real & nominal GNP
 - complication of depreciation
 - GNP limitations
 - income measures
 - consumer price index
- 6 Fluctuations in Economic Activity: Unemployment and Inflation Chapter 7
- four phases of business cycle
 - seasonal adjusted data
 - unemployment
 - who are the unemployed
 - types of unemployment
 - full employment
 - costs of recessions & unemployment
- 7 Explaining Unemployment & Inflation: Aggregate Supply and Demand Chapter 8
- purchasing power
 - classical approach
 - Keynesian approach
 - areas of agreement and disagreement
- 7 & 8 Equilibrium with Unemployment: The Keynesian Approach Chapter 9
- personal consumption
 - saving function
 - marginal propensity to consume
 - marginal propensity to save
 - saving & investment
 - the multiplier
 - Paradox of Thrift (Appendix 9-C)

- 9 Aggregate Demand: The Effects of Fiscal Policy & Foreign Trade Chapter 10
- fiscal policy
 - gov't finances & aggregate expenditures
 - restrictive fiscal policies
 - taxes
 - exports & imports
 - injections & leakages
 - automatic stabilizers
 - complications
 - public debt
- 10 Money and the Banking System Chapter 11
- functions of money
 - money in the Canadian economy
 - banking as a business
 - the Bank of Canada
 - required reserves
 - creation of money
 - how cheques are cleared
- Bank of Canada and Tools of Monetary Policy Chapter 12
- the tools of monetary policy
 - Canada Deposit Insurance Corp.
 - what backs our money
- 11 Monetary & Fiscal Policy: Which is the Key to Aggregate Demand? Chapter 13
- monetary policy - Keynesian view
 - monetary policy - classical view
 - crowding out
 - problems with monetary policy
 - asymmetrical effect
- 12 Stabilization Policy with International Transactions Chapter 14
- problems with trade
 - foreign exchange, rates & markets
 - balance of payments
 - value of the Canadian dollar
 - fixed or flexible exchange rates
 - fiscal & monetary policies and balance of payments

NOTE:

Additional reading will be assigned as the course progresses.

THE ABOVE SCHEDULE IS SUBJECT TO CHANGE.

IT WILL BE TO THE STUDENTS' ADVANTAGE TO HAVE ANY QUESTIONS, CONCERNS, OR PROBLEMS RELATED TO THIS COURSE RESOLVED AS SOON AS POSSIBLE. IF YOU REQUIRE ANY ASSISTANCE, SEE YOUR PROFESSOR. HE WILL BE MORE THAN HAPPY TO HELP.

Economics 104
ASSIGNED QUESTIONS

The following chapter questions are assigned for homework. They must be completed within one week of completing the chapter. Any or all of the assigned questions may be collected (at the beginning of a class) and evaluated any time after the due date.

<u>CHAPTER</u>	<u>PROBLEMS</u>
1	1, 4
2	2, 3, 4
3	3, 4
4	1, 3, 4
5	1, 4
6	1, 2, 3, 4, 5
7	1, 2, 3
8	5, 6
9	6, 7
10	1, 3, 7
11	11(b), 3
12	1, 3, 6
13	1(a), 3
15	1, 3, 4
16	1, 5