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## Course description

The University of Manitoba Undergraduate Calendar describes this course as follows:

*A study of the fluctuations in national income, output, employment, money and prices, and of stabilization policy, within the framework of standard macroeconomic models of a closed economy, with attention to institutional and historical framework.*

In terms of describing our course, it is more accurately described as:

This course studies the concepts behind key economic aggregates, their measurement and inter-relations amongst them. We will use economic models to understand how the economy works as well as stabilization policy. One focus of the course is to work with macroeconomic data and use the analytical tools

developed in class to understand recent developments in the Canadian and U.S. economies, the budget deficit and debt, and other special topics.

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## Course goals

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As you complete this course, you should be able to:

1. Describe the broad questions addressed in macroeconomics, define key macroeconomic variables, and explain how they are inter-related and measured in national income accounts.
2. Analyze the Classical model of the economy in the long run, when prices are flexible. Explain the crucial role of the interest rate in equilibrating supply and demand of goods and services. Describe the role of money and inflation. Define key concepts of the open economy such trade balance and the exchange rate. Describe the causes and facts of unemployment.
3. Analyze the Keynesian model of the economy in the short run, when prices are sticky. Describe the causes of business cycles and whether and how policymakers should respond to cyclical fluctuations. Interpret the relationship between inflation and unemployment.
4. Describe the key debates about macroeconomic policy. Evaluate whether economic policy should be active or passive? Or whether it should be conducted by rule or by discretion? Interpret the debate over government debt and budget deficits.
5. Identify the Solow Growth model as a description of how the economy evolves over the very long run. Discuss how capital accumulation, population growth and technological progress influence the standards of living.
6. Describe the role of the financial system in promoting economic growth. Describe the problem of asymmetric information in financial markets and why banks help overcome this problem.

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# Course materials

## Required

The following required materials are available for purchase from the [University of Manitoba Bookstore](#) as well as in eBook format from <http://www.coursesmart.com/>, and the publisher's website (<http://worthpublishers.com/mankiw>). Please order your materials immediately, if you have not already done so.

› Textbook

Mankiw, G. and W. Scarth. 2014. *Macroeconomics: Canadian Edition*, 5th edition. Worth.  
ISBN-10: 1-4641-6850-4.

› Study Guide

Kaufman, R. and W. Scarth. 2015. *Student Guide and Workbook to accompany Macroeconomics*, 5th Edition.  
ISBN-10: 1464175322.

› Textbook companion website

Useful resources for students are available for the associated U.S. edition of the textbook in:

<http://worthpublishers.com/mankiw>

## Optional and Supplementary Materials

- › You should read and keep current with economic news and sources to help you apply what you are learning to current real world economic questions. *The Economist*, *The Financial Times*, *Globe & Mail*, *Financial Post*, and *The Wall Street Journal* provide great sources of reading. There are also several good economics blogs online.

- › Another important component in this course is the suggested open access online videos. The student can gain a flavor of the traditional classroom experience by watching a series of open access online video lectures in topics that complement and add to the material covered in the course.

Sources:

- › Khan Academy: <http://www.khanacademy.org/>
- › Navarro, Peter. The Power of Macroeconomics (UCI OpenCourseWare: University of California, Irvine), [http://ocw.uci.edu/courses/the\\_power\\_of\\_macroeconomics\\_economic\\_principles\\_in\\_the\\_real\\_world.html](http://ocw.uci.edu/courses/the_power_of_macroeconomics_economic_principles_in_the_real_world.html). [Accessed: January 2015]. License: Creative Commons Attribution-ShareAlike 4.0 United States License.

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## Course overview

### Overview

This is an intermediate level macroeconomics course where we study the concepts and questions that macroeconomists address. We examine key economic aggregates, their measurement and inter-relations amongst them. In particular, we will study the determinants of national income, consumption, investment, and economy-wide variables, such as interest rates, money and inflation, and the unemployment rate. We will use economic models to understand how the economy works as well as stabilization policy. One focus of the course is to use the analytical tools developed in class to understand recent developments in the Canadian and U.S. economies, the budget deficit and debt, and special topics of wide interest such as the financial system.

This course provides the required foundation for the study of economic theory and policy in further macroeconomics and related elective courses.

### Topics

The course consists of four (4) modules:

### **Module 1 Introduction. Units 1-2.**

This module discusses the broad questions addressed in macroeconomics. It defines key macroeconomic variables, and establishes how they are inter-related and measured in national income accounts.

- › Unit 1. An Overview of What Macroeconomics is About
- › Unit 2. Measuring Economic Activity in Canada

### **Module 2 Classical Theory (Long Run Analysis). Units 3-7.**

We introduce the Classical model of the economy in the long run, when prices are flexible. We study the crucial role of the interest rate in equilibrating supply and demand of goods and services. Then we examine the role of money and inflation. We next introduce key concepts of the open economy such trade balance and the exchange rate. At the end of the module we describe the causes and facts of unemployment.

- › Unit 3. National Income Accounts
- › Unit 4. The Monetary System
- › Unit 5. Inflation
- › Unit 6. The Open Economy
- › Unit 7. Unemployment

### **Module 3 Business Cycle Theory (Short Run Analysis). Units 8-11.**

After the study of the economy long run we have a firm foundation to examine the Keynesian model of the economy in the short run, when prices are sticky. We discuss the causes of business cycles and whether and how policymakers should respond to cyclical fluctuations. The module concludes with an analysis

of the relationship between inflation and unemployment.

- › Unit 8. Business Cycles
- › Unit 9. The IS-LM Model: A General Framework of Macroeconomic Analysis
- › Unit 10. Applying the IS-LM Model
- › Unit 11. The Short-Run Trade-off between Inflation and Unemployment

### **Module 4 Macroeconomic Policy Debates. Units 12-13.**

In this module we analyze the key debates about macroeconomic policy. Should economic policy be active or passive? Should policy be conducted by rule or by discretion? We conclude the module with a discussion of the debate over government debt and budget deficits.

- › Unit 12. Stabilization Policy
- › Unit 13. Government Debt and its Financing

### **Module 5 Topics. Units 14-15.**

- › Unit 14. The Financial System  
The focus of this topic is to provide an overview of the key elements and functions of the financial system along with a discussion of the advantages and challenges of financial markets.
- › Unit 15. Growth Theory: Capital Accumulation and Economic Growth  
We introduce an overview of the Solow Growth model as a theory of how the economy evolves over the very long run. We analyze how technological progress, capital accumulation and population growth influence the standards of living.

## **Learning Activities**

The course provides you with the opportunity to develop analytical, problem solving, and critical thinking skills and as well as a better understanding of how

the economy works through assigned textbook and economic news readings, online quizzes at the end of each unit, assignments, and, ultimately, the final exam.

Reading the assigned chapters in the textbook is a core learning activity. The quizzes, assignments, and final exam assess in various ways your knowledge of the subject. The student guide and workbook is an excellent source for practice questions and tests. The companion website for the associated U.S. edition provides additional questions and material to complement your study of the course.

It is crucial to organize and commit to a regular study schedule for yourself, just as if you were attending a regularly scheduled classroom lecture. The course schedule will assist you in organizing your time to complete the units and assignments in the time allowed.

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## Evaluation and grading

### Distribution of marks

Evaluation	Percentage
Online Quizzes (end of chapter)	15%
Assignments (5 total)	25%
Final Exam	60%
<b>Total</b>	<b>100%</b>

### Grading scale

Letter grade	Percentage range	Description
A+	96 – 100	Exceptional
A	86 – 95	Excellent
B+	76 – 85	Very good
B	66 – 75	Good
C+	60 – 65	Satisfactory
C	56 – 59	Adequate
D	50 – 55	Marginal
F	less than 49	Failure

**Note:** All final grades are subject to departmental review.

## Quizzes

For each unit studied there is an online quiz to be taken. The quiz format is multiple choice. The quizzes have due dates at the end of each week. For each unit, you will be expected to write one online quiz.

## Assignments

There are five assignments to be submitted online. The assignments are more comprehensive than the quizzes in that they assess numerical, data analysis, and interpretative, and analytical skills on the subjects covered over several units. Importantly, the online quizzes and assignments prepare you for the final examination, which is cumulative (that is, all units are covered).

Detailed instructions about the assignments are found in the assignment folder in your course website.

### Assignment due dates

Consult your course schedule for the assignment due dates.

## Examination

**Note:** The final examination will be conducted at the University of Manitoba, Fort



Garry campus or at an alternate location off-campus. **All students must declare an exam location.** The Registrar's Office is responsible for scheduling the final exam. Once finalized, the exam date and time information will be posted on the University of Manitoba Exam site. You will need to bring pens, a calculator, and student I.D. to the final examination.

This course includes a final examination which is 2 hours in length. The final examination will be closed-book and invigilated. This exam covers material from all units covered in this course and it is scheduled at the end of the course (check the relevant website for the actual date of the exam). The exam may consist of multiple choice questions, short answer questions, definitions, and problem solving. The online quizzes, assignments, and Student Guide and Workbook provide plenty of preparation material for the exam.

N.B.: Be sure to bring a non-programmable calculator for the exam.

The nature of the exam may change depending on the instructor.

## Plagiarism, cheating, and examination impersonation

You should acquaint yourself with the University's policy on plagiarism, cheating, and examination impersonation as detailed in the General Academic Regulations and Policy section of the University of Manitoba *Undergraduate Calendar*. Note: These policies are also located in your *Distance and Online Education Student Handbook* or you may refer to Student Affairs at <http://www.umanitoba.ca/student>.

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## Distance and Online Education (DE) Student Resources

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In your course website there are links for the following:

- › Contacting Distance and Online Education Staff
- › Distance and Online Student Handbook
- › Distance and Online Education Website

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## Acknowledgements

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Dr. Yepez is Assistant Professor of Macroeconomics at University of Manitoba. His research interests center on business cycle fluctuations, with a special focus on the inter-linkages between financial and emerging markets and the global economy. He has been invited to present his research at the Bank of Canada and the Bank of Mexico and in major international conferences and universities around the world. Dr. Yepez received his Ph.D. from Brandeis University in 2012. He enjoys teaching and likes to apply new and creative ways to generate student interest and understanding of real-world economic issues.

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