ECON 2480
MACROECONOMIC THEORY AND ITS APPLICATIONS 2
Section A01
Term 2
2009-2010 Regular Session
Professor F. Baragar

COURSE OUTLINE

Slot 3: MWF 10:30am - 11:20am
Room 215 Tier
Office : 506 Fletcher Argue Bldg.
Tel: 474-9005
e-mail: Fletcher_Baragar@umanitoba.ca
Office Hours: Mondays 9:30am - 10:20am
Fridays 11:30am - 12:20pm
or by appointment

Texts:
Required:

Supplementary:

Course Requirements and Method of Evaluation:

<table>
<thead>
<tr>
<th>Test</th>
<th>Date</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Test #1</td>
<td>Friday, February 12, 2010</td>
<td>15%</td>
</tr>
<tr>
<td>Written Assignment</td>
<td>Due, Friday, March 5, 2010</td>
<td>25%</td>
</tr>
<tr>
<td>Test #2</td>
<td>Monday, March 22, 2010</td>
<td>20%</td>
</tr>
<tr>
<td>Final Exam</td>
<td>April 2010</td>
<td>40%</td>
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The term tests will be written in class. The final exam will be scheduled by student records and will be during the university's final examination period, which extends from April 12 to April 28, 2010. The final will be a 2 hour examination.

The written assignment will be based on material covered in class and in the readings, but it will also require some original research. The assignment will be available and distributed in class in February 10, 2010. The assignment is due Friday, March 5, 2010. Late assignments will be
accepted until Friday March 12, but will be subject to a penalty of 2 marks (out of a total of 25 marks). No assignments will be accepted after March 12, 2010, with the sole exception of documented medical or compassionate reasons.

Note that students will not be permitted to write make-up tests, except for documented medical and compassionate reasons.

Evaluative feedback will be provided by the voluntary withdrawal date, which is March 19, 2010.

Students appealing any term work, whether it be an informal or formal appeal, must make the appeal within 10 working days of receiving their mark.

Term work (tests and assignments) will be returned to students after the work has been graded and the grades recorded. Term work that is unclaimed will be held by the instructor for four months following the end of the term (Note: The final day of the University's Final Examination period is considered the last day of the term). After that date, unclaimed term work will become the property of the Faculty of Arts and will be subject to confidential destruction.

Students should acquaint themselves with the University's policy on plagiarism and cheating and examination impersonation (see page 29 in the University of Manitoba's 2009/2010 Undergraduate Calendar). Note also the University's statement regarding the penalties for academic dishonesty, a copy of which is appended to this outline.

**Grade Conversion:**
Numerical grades will be converted to letter grades according to the following scale:

<table>
<thead>
<tr>
<th>Grade</th>
<th>Numerical Range</th>
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</thead>
<tbody>
<tr>
<td>A+</td>
<td>92-100</td>
</tr>
<tr>
<td>A</td>
<td>85-91.5</td>
</tr>
<tr>
<td>B+</td>
<td>77-84.5</td>
</tr>
<tr>
<td>B</td>
<td>69-76.5</td>
</tr>
<tr>
<td>C+</td>
<td>61-68.5</td>
</tr>
<tr>
<td>C</td>
<td>54-60.5</td>
</tr>
<tr>
<td>D</td>
<td>48-53.5</td>
</tr>
<tr>
<td>F</td>
<td>below 48</td>
</tr>
</tbody>
</table>

Note: All final grades are subject to departmental approval.

**Course Content and Topics to be Covered:**

The University of Manitoba's 2009/2010 Undergraduate Calendar provides the following course description for Macroeconomic Theory and its Applications 2:
Theories of national income, employment, inflation, balance of payments, stabilization policy and economic growth within the framework of macroeconomic models of an open economy and with attention to [the] institutional and historical framework.

The section of ECON 2480 will critically examine and apply macroeconomic theory within the context of the macroeconomic upheavals and challenges that advanced industrialized economies have experienced since 2007. Particular attention will be given to the Canadian and US economies.

The organization of the material and the sequence in which topics will be covered is as follows:

I. Overview of Recent Macroeconomic Developments
   A. Some macroeconomic data
      Readings: B&J, Chapter 1 and Chapter 2, section 2-1 and 2-2.
   B. What are the questions?

II. Origins of the Crisis: Aggregate Demand, Aggregate Supply and Financial Markets
   A. Review:
      i) the components of aggregate supply
      ii) the components of aggregate demand
      Readings: B&J, 3-1, 3-2, 15-1
   B. Consumption:
      i) theory: the rational consumer
      ii) finance and consumer credit
      Readings: B&J, 3-2 and 20-1.
   C. Housing
      Readings: B&J, 19-4
   D. Finance and Financial Markets
      Readings: B&J, 19-3
      B&B, Ch. 3 and 4

III. Credit Crunch and Financial Crisis
   A. From Credit Crunch: to Financial Panic
      Readings: B&J, Ch.19, B&B, Ch.4
   B. Canada
      Readings: B&B, Ch.5

IV. The Recession
    Readings: B&J, Ch. 20 and Ch. 22
V. Macroeconomic Policy
   Readings: B&J, Chapters 24-26

VI. Legacy & Prospects
   A. Recovery or Relapse?
   B. Readjustment, Restructuring and the Incidence of Costs
   C. Prospects for Growth
      Readings: B&J, Ch. 15 and 16.

Note: Additional readings may be introduced over the course of the term.