

Course Outline

Department of Economics  
School of Business and Economics

**ECON 1950-3**  
**Principles of Macroeconomics (3,0,0)**

**Calendar Description**

Students examine economic behaviour at the aggregate level, and the measurement and determination of national income. Topics include an introduction to economics; measuring macroeconomic variables including gross domestic product, unemployment, and inflation; the Keynesian model; aggregate demand and supply; money and banking; the money market; fiscal policy; monetary policy and the central bank; exchange rates and the balance of payments; and economic growth.

**Educational Objectives/Outcomes**

Upon completing this course, students will be able to:

1. Discuss macroeconomic problems.
2. Define, describe, and compute national income.
3. Explain current and past economic events, particularly in periods of high unemployment and inflation, using macroeconomics theories.
4. Explain the multiplier concept and its importance.
5. Describe the role of the monetary sector in affecting the real sector of the economy.
6. Compare and contrast how monetary and fiscal policies affect the economy.

**Prerequisites**

Foundations of Math 11 with a B or better **or** Pre-calculus Math 11 **or** Principles of Math 11 with a C+ or better **or** Applications of Math 12 **or** equivalent **or** MATH 0510 **or** MATH 0530 **or** equivalent.

Completion of one of Principles of Math 12, Foundations Math 12, or Pre-calculus Math 12 is recommended

**Co-requisites**

None

**Texts/Materials**

## Student Evaluation

Participation	0-20%
Assignments/quizzes	0-20%
Project	0-25%
Midterms	30-60%
Final exam	30-50%

## Course Topics

1. Introduction to Economics
  - Scarcity, choice, and opportunity cost
  - Production possibility frontier
  - Circular flow of national income
2. Measuring Macroeconomic Variables
  - Measuring GDP by the income and expenditure approaches
  - Nominal versus real GDP
  - Defining and measuring unemployment
  - Defining and measuring inflation
3. The Keynesian Model
  - Consumption, saving and investment functions
  - Keynesian equilibrium
  - Multiplier concept
4. Aggregate Demand and Aggregate Supply
  - Aggregate demand, aggregate supply, and the macroeconomic equilibrium
5. Money and Banking
  - Characteristics of money
  - Fractional reserve banking
  - Modern banks and the creation of money
  - Money multiplier
6. The Money Market
  - Supply of and demand for money
  - Equilibrium in the money market
  - Monetary transmission mechanism
7. Fiscal Policy
  - Defining fiscal policy
  - How fiscal policy affects the economy

8. Monetary Policy and the Central Bank
  - Functions of Canada's central bank - Bank of Canada
  - Tools of monetary policy
  - How monetary policy affects the economy
9. Exchange Rates and the Balance of Payments
  - Exchange rates and exchange rate regimes
  - Equilibrium in foreign exchange markets
10. Economic Growth: Very Long Run
  - Measuring economic growth
  - Factors that influence economic growth

**Methods for Prior Learning Assessment and Recognition**

As per TRU policy

**Attendance Requirements – Include if different from TRU Policy**

As per TRU policy

**Special Course Activities – Optional**

**Use of Technology – Optional**