

INTERMEDIATE MACROECONOMICS I ECONOMICS 2220A-001/002

Department of Economics
Western University

Simona Cociuba and Jacob Short

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Instructor from September 12 to November 13* (expected)

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* Due to unforeseen circumstances these dates may change. You will be notified if that happens.

Undergraduate inquiries: 519-661-3507 SSC Room 4075 or econugrd@uwo.ca

Class times and location:

Section 001: M 9:30-11:30 am in B&GS room 1056; W: 9:30-10:30 am in UCC room 41

Section 002: M 3:30- 5:30 pm in B&GS room 1056; W: 3:30-4:30 pm in SSC room 2032

Course website: <https://owl.uwo.ca/portal>

Registration

You are responsible for ensuring you are registered in the correct courses. If you are not registered in this course, the Department will not release your marks until your registration is corrected. You may check your timetable by using the Login on the Student Services website at <https://student.uwo.ca>. If you notice a problem, please contact your faculty academic counsellor right away.

Prerequisite Note

The prerequisites for this course are **Economics 1021A/B and 1022A/B**, or **2001A/B**; and **Calculus 1000A/B** (with a mark no less than 60%) or **Calculus 1500A/B** (with a mark no less than 60%) or the former **Calculus 1100A/B** (with a mark no less than 60%). The antirequisite is **Economics 2152A/B**.

You are responsible for ensuring that you have successfully completed all course prerequisites, and that you have not taken an anti-requisite course. Lack of pre-requisites may not be used as a basis for appeal. If you are found to be ineligible for a course, you may be removed from it at any time and you will receive no adjustment to your fees. This decision cannot be appealed.

If you find that you do not have the course prerequisites, it is in your best interest to drop the course well before the end of the add/drop period. Your prompt attention to this matter will not only help protect your academic record, but will ensure that spaces become available for students who require the course in question for graduation.

Course Objectives

The goal of the course is to develop formal tools to perform quantitative macroeconomic analyses. We will discuss how important macroeconomic variables such as the total output produced in an economy, prices, and employment are measured in the data. We will establish key macroeconomic facts and use basic macroeconomic theories to analyze the facts observed in the data. We will study both short-run economic questions such as: what are the sources of business cycle fluctuations and long-run issues such as: why do economies grow and why are there large income differences among countries. The course makes extensive use of differential calculus.

Course Learning Outcomes:

Upon successful completion of the course:

- the students will acquire knowledge regarding national income accounting methods, they will understand the benefits and drawbacks of the current measures of gross domestic product (GDP) and be aware of some alternative measures of a nation's well-being;
- the students will understand business cycles measurements, learn to interpret different business cycles facts for the Canadian economy, as well as be able to contrast recent recessions in Canada with past recessions or with recessions in other economies;
- the students will learn what is an economic model and why models are useful in formulating and answering economic questions;
- the students will be able to solve for equilibrium outcomes in simple models of the macroeconomy and understand how the predictions for aggregate macroeconomic variables are affected by microbehaviour of individual agents and by other restrictions imposed on the equilibrium (such as financial frictions);
- the students will be able to assess the predictions of macroeconomic theories and compare them to Canadian data;
- the students will be able to answer simple macroeconomic policy questions with the use of the model(s) introduced and developed throughout the course;
- the students will understand main drivers of economic growth and engage in discussions about determinants of growth across different countries;
- the students will learn to apply their math skills for answering economic questions and understand why math skills are crucial to being a good economist.

Text

The required text for this course is: **Williamson, Stephen D. Macroeconomics, 4th Canadian edition, Pearson Addison Wesley**. The text is available at the bookstore. The study guide accompanying the course is not required.

Course Outline

Below is a tentative outline with references to book chapters in parentheses. The outline may be adjusted based on time constraints. Some material covered in class will not appear in the text, but may still appear on exams.

1. Introduction
 - a. Introduction to macroeconomic analysis [Ch. 1]
 - b. Measurement of macroeconomic variables [Ch. 2]
 - c. Key business cycle facts [Ch. 3]

2. A static general equilibrium model of the economy
 - a. Consumers: preferences, budget constraints and optimal consumption and leisure decisions [Ch. 4]
 - b. Firms: Technology and profit maximization [Ch. 4]
 - c. Government: Spending and Taxes [Ch. 5]
 - d. Competitive Equilibrium [Ch. 5]

3. Dynamic general equilibrium models of the economy
 - a. A two-period model: Consumption-savings decision [Ch. 9]
 - b. Government spending, taxation and Ricardian Equivalence [Ch. 9]
 - c. Credit market imperfections and social security programs [Ch. 10]
 - d. A model with investment [Ch. 11]

4. Economic Growth
 - a. Economic growth facts [Ch. 7]
 - b. The Malthusian model of growth [Ch. 7]
 - c. The Solow model of growth [Ch. 7]

5. Money [Ch. 12] (covered if time permits)

Grading

Your course grade will be based on assignments, mid-term exams and a final exam as follows:

Assignments: Each of the **three** assignments will cover a set of questions from the recent course material. The assignments will be posted on the course website one week before their due dates. The assignment **due dates** are: **September 26, October 31** and **November 30**. The written answers to the assignments need to be submitted to me at the beginning of class on the due dates. Assignments are not accepted via email, or any other method. Late assignments are not accepted, but the lowest assignment score is dropped.

Mid-term Exam 1: Held on **Monday, October 3 during regular class time in EC 2168A/B**. Please arrive on time! Note the location is different from that of the lectures!

Mid-term Exam 2: Held on **Monday, November 7 during regular class time in EC 2168A/B**. Please arrive on time! Note the location is different from that of the lectures!

Final Exam: This is a **2.5-hour exam**. The date and time will be set by the Registrar's Office.

Weighting of assignments and exams in obtaining the course grade:

Assignments	10%
Mid-term 1	30%
Mid-term 2	30%
Final exam	30%

All the tests are **cumulative**. There will be **no make-up** mid-term exams. If a student misses a mid-term due to sickness or other acceptable excuse the student must present an official document justifying the absence and (**only in this situation**) the weight of that exam will be added to the one of the final exam. In case of lack of justification for the absence, a grade of zero will be attributed to that exam. **Students need to take the exam with the section they are registered for**. If a student switches sections, a grade of zero is assigned.

The following **reweighting rule** applies to all students who have taken all three exams. If the final exam grade is higher than the lowest midterm grade, the weight of the lowest midterm is changed to 20%, while the final exam weight is changed to 40% (All other weights remain the same). If you know you have not done very well on one of the midterm exams, the reweighting rule provides a way to improve your overall grade, as long as you perform better on the final. This reweighting rule does not apply to students who miss an exam.

You are responsible for all content covered in the lectures and in the assigned chapters of the textbook. Some chapter content may not be covered in lectures and some lecture content may not be in the textbook.

Electronic Devices: The only electronic device you may use during exams is a non-graphing, non-programmable calculator. Graphing/programmable calculators, cell phones, watches etc. must be kept in your bag. If you have any of these devices out during an exam it will be taken from you and will only be returned once you have turned-in the exam.

Please Note
Department Policies for 2016 – 2017

Remember that the University expects all students to take responsibility for their own academic Programs. Also remember to check your registration to make sure you are enrolled in the correct courses.

1. Guidelines and policies for the Faculty of Social Science and the Department of Economics are posted online in the current Western Academic Calendar at <http://westerncalendar.uwo.ca>.
2. Students must familiarize themselves with the “Rules of Conduct for Examinations” <http://westerncalendar.uwo.ca/2016/pg136.html>.
3. **Cheating as an academic offence:** Students are responsible for understanding what it means to “cheat”. The Department of Economics treats cheating incidents very seriously and will investigate any suspect behavior. Students found guilty will incur penalties that could include a failing grade or being barred from future registration in other economics courses or programs. The University may impose further penalties such as a notation on your official academic transcript, suspension or expulsion.
4. **Plagiarism:** Students must write their essays and assignments in their own words. Whenever students take an idea or a passage from another author, they must acknowledge it by using quotation marks where appropriate and referencing with footnotes or citations. Plagiarism is a major academic offence (see Scholastic Offence Policy in the current UWO Academic Calendar at <http://westerncalendar.uwo.ca/2016/pg113.html>).

The University of Western Ontario uses software to check for plagiarism and students may be required to submit their written work in electronic form. Those found guilty will have penalties imposed as noted in point 3.

5. It is Department of Economics policy that **NO** assignments be dated, stamped or accepted by staff. Students are responsible for submitting assignments in class or to the instructor during office hours.
6. When appealing a mark, students should refer to the University’s Procedures in the current UWO Academic Calendar (<http://westerncalendar.uwo.ca/2016/pg112.html>). Please note the relevant deadlines.

The Department will not consider any appeal unless an attempt has been made to settle the matter first with your instructor. If after this discussion you remain dissatisfied with a grade or other decision, you may proceed with a written appeal (e-mails are not acceptable) to the Undergraduate Director in Economics, stating the reasons for your appeal. A useful form and checklist is provided at (http://economics.uwo.ca/undergraduate/program_counselling/responsibilities_policies.html#appeals).

7. Systematic adjustments of a class grade distribution (either up or down) can occur in Economics courses. The fact that grades have been adjusted is **not** grounds for an appeal.
8. Note the following add and drop deadlines:

Last day to **add** a first term half course:
Friday, September 16th, 2016

Last day to **drop** first term half course without academic penalty:
Monday, November 7th, 2016
9. Faculty of Social Science policy states that oversleeping or misreading an exam schedule is not an excuse for a make-up. This rule applies to all mid-term tests and final exams in the Department of Economics.

Policy Regarding Makeup Tests and Final Examinations

*Academic accommodation will **not** be granted automatically on request. You **must** demonstrate by documentation that there are **compelling** medical or compassionate grounds before academic accommodation will be considered.*

If you decide to write a test or an examination, you must be prepared to accept the mark you earn. Rewriting tests or examinations, or having the value of the test or examination reweighted on a retroactive basis, is **not** permitted. Book airline flights after you know the dates of your final examinations. Airline flights must not conflict with test or final exams.

If you are requesting a makeup test for a midterm or a final examination, unless medically incapable, notify your instructor by email or phone, preferably prior to the scheduled date of the test, but definitely within **24 hours** of the date of the test or exam. Failure to follow this procedure may result in denial of a request for academic accommodation or result in a grade of zero. Set up an appointment as soon as possible to meet personally with your instructor. If the instructor is not available, you may send an email message, copying the Undergraduate Coordinator at econugrd@uwo.ca (Social Science Room 4075). **Notifying your instructor of a missed test or exam does not automatically entitle you to a makeup test.**

Students who seek a makeup test or examination must provide medical or other relevant verification that their absence from a regularly scheduled test or examination is beyond their control. Documentation must support your reasons. Medical documentation should be given to the Academic Counselling Office of your *home* Faculty **as soon as possible (preferably within 24 hours of the test)** if you know you may not be able to write your final examination on the scheduled day and time. Failure to follow this procedure, or to provide supporting documentation, may result in denial of a request for academic accommodation or result in a grade of zero. If your documentation is not acceptable, you will be given a zero for the missed test.

For personal illness, if you consult Student Health Services regarding your illness or personal problem, you should request a Student Medical Certificate from the physician. If you were seen by an off-campus doctor, obtain a certificate from his/her office at the time of your visit. The off-campus medical certificate form must be used and can be found at: http://www.uwo.ca/univsec/pdf/academic_policies/appeals/medicalform.pdf. Notes stating "For Medical Reasons" are not considered sufficient.

For any other circumstances, if you are not sure what documentation to provide, ask your Academic Counsellor. If your documentation is judged sufficient, the Academic Counsellor will issue a Recommendation for a Special Examination (a single form for midterms or a triple color form for final examinations). Once you have this form, contact your instructor as soon as possible to make arrangements. Even if approved from your home faculty Academic Counsellor, there is no guarantee that you will be allowed to write the makeup test and exam.

For final examinations, you need permission from your *home* Faculty Counsellor, your instructor, and the Department Undergraduate Director. Failure to follow this procedure may result in an examination grade of zero. You must ensure that the Special Examination form has been signed by the instructor and Department Undergraduate Director and that the form is returned to the Academic Counselling Office for approval without delay. Make-up final examinations, if permitted, will be written within one month of the end of the exam period.

Policies Regarding Academic Accommodation

Information about the Faculty of Social Science's policies regarding academic accommodation is found on its website at <http://counselling.ssc.uwo.ca/procedures/havingproblems.asp> or in Social Science Room 2105. Your "Academic Rights and Responsibilities" are also outlined in the current UWO Calendar at <http://westerncalendar.uwo.ca/2016/pg111.html>. Claiming that "you didn't know what to do" is not an acceptable excuse for not following the stated procedures.

Policy Regarding Class Attendance

If your instructor views your class attendance as unsatisfactory, you can be prohibited from writing the final examination. If there is intent to make use of this University policy, you will be notified in writing.

Statement on Mental Health and Support Services

If you or someone you know is experiencing emotional/mental distress, there are several resources here at Western to assist you. Please visit <http://www.uwo.ca/uwocom/mentalhealth/> for more information and a complete list of resources, as well as how to obtain help.