

**INTERMEDIATE MACROECONOMIC THEORY  
and POLICY I**

**ECONOMICS EC2152A-001**

Department of Economics  
Western University

**Instructor: Youjin Choi**

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**Office Hours:** Mon 12:30-1:30pm, Tue 5:30-6:30pm

**Classroom meeting time & location:** Tue 7:00-10:00pm; UCC 56

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

**Undergraduate inquiries:** 519-661-3507 SSC Room 4075 or [econugrd@uwo.ca](mailto:econugrd@uwo.ca)

**Registration**

You are responsible for ensuring you are registered in the correct courses. If you are not registered in a course, the Department will not release any of 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 home Faculty Academic Counsellor immediately.

**Prerequisite Note**

Prerequisites for this course are **Economics 1021A/B and 1022A/B, or Economics 2001A/B, and one of MCV4U, Mathematics 0110A/B, Calculus 1000A/B, Calculus 1500A/B, Mathematics 1225A/B or the former Calculus 1100A/B.**

Antirequisite for this course is **Economics 2220A/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 Description:**

This course introduces modern macroeconomic theory at the intermediate level. The main objective of the course is to provide students an understanding of basic macroeconomic theory, problems, and policy issues. We develop micro-founded macroeconomic models to understand determination of the major aggregate variables such as national income, consumption, investment, employment, the real wage, the real interest rate and inflation. We will also discuss a wide range of topics such economic policies and economic growth.

**Course Learning Outcomes:**

At the end of this course, students will be able to:

1. Distinguish and apply three methods of national income accounting.
2. Describe business cycle phases and cyclicalities of key macroeconomic variables.
3. Understand the approach of micro-founded macroeconomics.
  - Develop both graphically and numerically the one-period and two-period models.
  - Derive consumer's optimal behaviour in deciding between consumption and saving, and between labor and leisure.
  - Derive firm's optimal behavior in deciding labor input and capital investment.
  - Develop and solve a competitive equilibrium in the one-period and two-period models.
4. Explain the demand of money and discuss monetary policies.
5. Be able to distinguish between the sources of growth and apply them into understandings of cross-country income differences.

**Textbook:**

*Stephen D. Williamson, Macroeconomics, 5th Canadian Edition, Pearson Canada*

It is **required** that students have access to the textbook. Although it is not required, the study guide is **recommended** as well. The textbook and study guide can be purchased at the campus bookstore. A copy of the textbook should be available in the reserve section of the Weldon library once the term begins.

**Evaluation:**

The distribution of the marks is as follows:

<b>Task</b>	<b>Dates</b>	<b>Points</b>
<i>Midterm I</i>	October 17, 2017, in class.	25%
<i>Midterm II</i>	November 14, 2017, in class	25%
<i>Final</i>	To be set by the Registrar	50%

**Two mid-term exam dates are given above.** Rooms will be announced in lectures for about a week prior to each exam and it is your responsibility to make sure you know them in advance of the exam day. They will also be posted on OWL.

You are responsible for all the textbook chapters, and their counterparts in the *Study Guide*, listed in the outline, **as well as** all material covered in lectures. Not all chapters will be covered in detail in class.

## **Tentative Course Outline:**

### **1. Introduction and Measurement Issues**

This section will cover basic definitions and the calculation of national income/output, as well as the major measures and attributes of the business cycle (Chapters 1, 2, 3).

### **2. One-period Macroeconomic Model: Consumer and Firm behavior**

This section introduces the micro-economic behaviour of a representative consumer and a representative firm. This topic makes up the starting point of our model (Chapter 4).

### **3. One-period Macroeconomic Model**

In this section, we build a complete one-period macroeconomic model, building on our knowledge of consumer and firm behavior from Chapter 4, and learn the idea of competitive equilibrium (Chapter 5).

### **4. Saving and the Two-Period Model**

In this section, we extend the time horizon of the representative consumer's problem to two periods and study optimal decisions on consumption and saving across time given an income flow (Chapter 9, 10).

### **5. Two-period model of the Economy with Investment**

This section introduces the representative firm and the government into a two-period model. Using a complete two-period model, we study how real aggregate output, consumption, investment, employment, the real wage, and the real interest rate are determined in macroeconomic equilibrium (Chapter 11).

### **6. Economic Growth**

In this section, we study the key facts of the long run growth of the economy and the key macroeconomic models that have been used to explain these facts (Chapter 7).

## **Email policies:**

Please use your UWO email address in all communications. I will try to respond to all emails within 24 hours, not counting the weekend. I will NOT respond to emails such as the following:

- 1) Any question that is on this syllabus or elsewhere on OWL: such as exam dates, exam times, course material etc. If you have not received a reply to your question, check the syllabus and OWL.
- 2) Requests for extra assignments, reweighting of exams, etc. as these are prohibited under Senate regulations.

**Please Note**  
Department Policies for 2017 – 2018

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/2017/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/2017/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/2017/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](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 1<sup>st</sup> term half course: **Friday, September 15<sup>th</sup>, 2017**

Last day to **drop** 1<sup>st</sup> term half course without academic penalty: **Monday, November 13<sup>th</sup>, 2017**

Last day to **add** a 2<sup>nd</sup> term half course: **Tuesday, January 16<sup>th</sup>, 2018**

Last day to **drop** 2<sup>nd</sup> term half course without academic penalty: **Wednesday, March 7<sup>th</sup>, 2018**

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](mailto: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](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/2017/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.