

**INTERMEDIATE MACROECONOMIC THEORY AND
POLICY I
ECONOMICS 2152b-001**

Department of Economics
Western University

Course Outline

January 2017

Instructor: L. MacDonald

Office Hours: (tentative) Wednesdays from 2:30 – 3:30 and Thursdays from 2:00 – 3:00pm

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If you email me, please put Economics 2152 in the subject heading so that your email does not go to my Spam account. Also, please use your UWO email in all correspondence. See email policies below.

Top Hat Course Name: Macroeconomics 2152b- Winter 2017

Direct URL: <https://app.tophat.com/e/523282>

6-digit course code: 796284

Undergraduate Inquiries: 661-3507, SSC room 4075 [or econugrad@uwo.ca](mailto:econugrad@uwo.ca)

Class Web Page: <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 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

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

The Antirequisite 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 Objectives:

This is the first course in intermediate macroeconomics. The main objective of the course is to provide students an understanding of basic macroeconomic theory, problems, and policy issues. The course uses a modern approach (with micro-foundations) to study macroeconomic issues. It develops basic theoretical models of goods, labour, and asset markets and their interactions. Topics include short-run fluctuations in economic activities, long-term economic growth, saving-investment, inflation, unemployment, and other related policy issues.

Learning Outcomes:

Upon successful completion of the course, the student will:

- Be able to identify the various phases of the business cycle and explain how key macroeconomic variables behave in these phases.
- Be able to distinguish between the differences and similarities of the three methods of national income accounting and will be able to calculate GDP using these three methods.
- Be able to define and calculate various labour market and price level measurements, while discussing the limitations of these measurements.
- Be able to develop both graphically and numerically the one-period and two-period models which represent the micro foundations of our macro model.
- Be able to critically compare and explain the causes and effects of changes in these models and apply this knowledge to new examples.
- Be able to define and explain the income and substitution effects on the representative consumer's choices.
- Be able to derive algebraically and graphically the labour supply curve.
- Be able to analyze and explain the determinants and their effects on the labour, goods and money markets.
- Be able to distinguish between the sources of growth and solve graphically and algebraically for equilibrium.
- Be able to explain how monetary policy and fiscal policy affects the economy, while discussing the advantages and disadvantages of various types of policies, and understanding the role of the Bank of Canada and the government in implementing these policies.
- Be able to contrast and explain recent recessions in Canadian history as well as the financial crisis.

Required Textbook:

Williamson, Stephen D., *Macroeconomics*, 4th Canadian Edition, 2013.

Or: The main textbook (referred to below as "Text") is a custom package (coursepack), entitled *Economics 2152, Intermediate Macroeconomics*, prepared specifically for our class which covers the chapters only in 2152. If you plan to take Economics 2153, you should buy the full text as that would be the most cost effective.

Assessment: I will calculate your grade using Top Hat and excluding Top Hat and will use the highest grade.

Option 1: Using Top Hat Monocle

The course grade will be based on the following:

Task	Dates	Points
<i>Midterm I</i>	Tuesday, February 14, 2017: 11:40 – 1:15, rooms TBA	20%
<i>Midterm II</i>	Thursday, March 9, 2017: 5 – 7 pm NS1	25%
<i>Top Hat</i>	Ongoing	10%
<i>Final</i>	To be set by the Registrar	45%

Option 2: Not Using Top Hat Monocle

Task	Dates	Points
<i>Midterm I</i>	Tuesday, February 14, 2017: 11:40 – 1:15, rooms TBA	25%
<i>Midterm II</i>	Thursday, March 9, 2017: 5- 7 pm NS1	25%
<i>Final</i>	To be set by the Registrar	50%

IMPORTANT INFORMATION:

There will be **two mid-term exams** on the dates 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.

Students will be allocated to specific exam rooms. You **must** take the exam in the room assigned. A **penalty** will be subtracted from the exam grade of anyone writing an exam in the wrong room.

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 and some topics that are **not** in the textbook **will be** added in the lectures.

MAKE-UP EXAMS:

For those who know in advance that they have a conflict with an exam, it is your responsibility to provide the documentation to the instructor within 48 hours of the **announcement** of the scheduled exam. (This means by **January 11th!**) **There will be no makeup exams.** For missed exams, you must

take your documentation to Academic Counselling within 48 hours of the exam. You must also notify your instructor **within 24 hours** of the exam that you have missed the exam. Otherwise, the instructor will assign a grade of zero. For illnesses, you must print off a medical certificate and take it to the doctor, which you bring to Academic Counselling. The medical certificate can be found at https://studentservices.uwo.ca/secure/medical_document.pdf. If the instructor and Academic Counseling accept your documentation, then the percentage for that exam will be allocated to the final exam. Missed exams with approved documentation, will have the weight for that exam transferred to the final exam. Computer marked multiple-choice tests and/or exams may be subject to submission for similarity review by software that will check for unusual coincidences in answer patterns that may indicate cheating.

TOP HAT MONOCLE:

You have the option of buying a subscription to Top Hat. Top Hat will allow you to use your laptop, phone or tablet to answer questions in class. If you do not have a data plan on your phone you can also text your answers. Top Hat will be used in class to ask a variety of questions. The 10% will be split between participating and obtaining the correct answer. Different questions will have different breakdowns. The first week will be practice. After that, Top Hat will usually occur either at the end of chapters or as review before the exams. I will likely drop at least 10% of your lowest scored questions. If you do not wish to purchase the subscription you can opt out and option 1 of the assessment will hold for you.

Top Hat Course Name: Macroeconomics 2152b – Winter 2017

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6-digit course code: 796284

Pricing: \$24 for one term, \$36 for academic year, \$72 Lifetime.

For further info, please refer to the link on OWL.

CLASSROOM POLICIES:

Classroom Behavior: *Standard rules of etiquette apply in the classroom.* You are to give full attention to anyone speaking, whether myself or a fellow student. Turn off (or put on vibrate) your cell phone. Do not answer your cell phone in class. No MP3 players or iPods. No texting. If you bring in a laptop, you are to be taking notes, not surfing the internet. Be on time for class. If you are late or have to leave early, enter and exit as quietly as possible. You are to behave so as not to be a distraction to me or to your fellow students. Those students who repeatedly break these rules will be asked to leave the classroom (this includes chronic lateness).

OWL: It is your responsibility to check the OWL site for this class as well as your email on a regular basis. An outline of the lecture notes will be available on OWL. **You are to bring these outlines to class with you, as I will assume that you have them, and I will not leave you sufficient time to copy this information down.** These lecture notes will not be complete, and by having them with you, it is easy to see which notes must be copied. You are responsible for any announcements or assignments made in class as well as on OWL. This includes any changes made to the syllabus as well as test date changes.

Attendance Policy: You are expected to attend class on a regular basis. Although attendance is not formally a component of your grade (if you are not using Top Hat) there is a strong correlation between class attendance and performance! If you miss a class, it is your responsibility to find out what you have missed from a classmate. I do not provide my lecture notes to students, other than what is on OWL.

EMAIL POLICIES:

Please refer carefully to the following e-mail policies. According to FIPPA, I am not allowed to respond to non-UWO email addresses. So please use your UWO email address in all communications. Also, please enter the course number in the subject heading of your email. 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) The makeup policy is clearly stated on the syllabus, refer to it if needed.
- 3) Requests for extra assignments, reweighting of exams, assignments etc. as these are prohibited under Senate regulations.
- 4) Requests for my lecture notes. I do not provide my lecture notes to students, other than the material which is on OWL.

THE COURSE WEBSITE: <https://owl.uwo.ca/portal>

The course website will provide exam dates, assigned problems and lecture slides. It is recommended that you download the slides (pdf and PPT files) before coming to class. Leave room for taking notes as the slides will *not* provide *all* the course content. Extra slides will be added to lectures that are NOT on the website. Extra problems will also be added to the lectures that will not be provided on the website.

COURSE OUTLINE: Note that material may be added or deleted as the course progresses.

Introduction

This section will cover basic definitions and the calculation of national income/output. As well, the major variables and attributes of the business cycle are examined.

Text Chapters 1, 2, 3.

Consumer and firm behavior

In this section the representative consumer and the representative firm is introduced. This topic forms the foundation of our key intertemporal general equilibrium model.

Text Chapter 4.

One period model of the economy

In this section the government sector is added to the consumer's and the firm's decisions and equilibrium is obtained.

Text Chapter 5.

Saving and a two period model of the economy

In this section the model extends the consumer to two periods and studies consumption allocation across time.

Text Chapter 9, 10.

Two period model of the economy with investment

Here the individual parts of the model are brought together and the basic model renders a macroeconomic equilibrium.

Text Chapter 11.

Money

This section introduces money into the model and its relationship to economic activity.

Text Chapter 12.

Economic growth

This section deals with the long run growth of the economy.

Text Chapter 7.

Remarks:

1. The course outline is tentative. While an attempt will be made to follow the outline as closely as possible, things may change as the course progresses.
2. You are responsible for all content covered in the lectures and the assigned chapters of the textbook. Some chapter content may not be covered in the lectures and some lectures will **not** be in the textbook.

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, January 13th, 2017

Last day to **drop** first term half course without academic penalty:
Tuesday, March 7th, 2017
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 Counselor. If your documentation is judged sufficient, the academic counselor 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 Counseling 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.