

INTERMEDIATE MACROECONOMIC THEORY AND POLICY  
ECONOMICS EC2152A-001 / 003  
Department of Economics  
Western University

September 2019

**General Information:**

**Instructor:** Shahed Khan  
**Office:** 4050 SSC  
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**Office hours:** Mondays 11:45 am – 12:45 pm and Tuesdays 5:30 pm – 6:30 pm  
**Classroom meeting time(s) & location:**  
Section 001 Tuesdays 7:00 pm – 10:00 pm, SEB 2200  
Section 003 M 10:30 – 11:30, W 10:30 – 12:30, SSC 3022  
**Course website:** <https://owl.uwo.ca/portal>  
**Undergraduate inquiries:** 519-661-3507 or 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 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 2001A/B** and one of **MCV4U, Mathematics 0110A/B, Calculus 1000A/B, Calculus 1500A/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 any anti-requisite courses. Lack of prerequisites 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 macroeconomics course in the intermediate level. This course uses macroeconomic theory based on microeconomic principles to study common topics encountered in macroeconomics including business cycles, savings-investment, inflation, unemployment, economic growth and financial crises. Some policy issues will be also addressed.

## **Course Learning Outcomes:**

Upon successful completion of the course, the student will be able to:

- Define the most basic facts in macroeconomics that explain the behavior of aggregate economic activity over time.
- Define and calculate GDP using three methods of national income accounting.
- Define and calculate various labour market and price level measurements.
- Identify the various phases of the business cycles and explain how key macroeconomic variables behave in these phases.
- Develop macroeconomic models with micro-foundations.
  - how individual households make leisure, consumption, and savings decisions to maximize their welfare.
  - how firms make hiring and investment decisions to maximize their profits.
  - how the joint behavior of firms and households determines aggregate outcomes.
- Critically compare and explain the causes and effects of changes in these models and apply this knowledge to new examples.
- Identify and explain the forces or shocks that drive the business cycle.
- Define and explain the income and substitution effects on the representative consumer's choices.
- Explain how financial markets imperfections can affect the economy.
- Explain how fiscal policy can affect the economy.
- Differentiate between the sources of economic growth.

## **Textbook(s):**

Textbook: Williamson, Stephen D., Macroeconomics, 5th Canadian Edition.

## **Grading:**

- Your final grade will depend on your performance on the following assessments: two midterm exams and a final exam.
  
- Your grade for the course will be calculated as follows:

Assessment	Dates	Coverage	Weight
<i>Midterm I</i>	<b>Section 1:</b> Tue, Oct 08, 7:15 pm – 8:45 pm <b>Section 3:</b> Wed, Oct 09, 10:45 am – 12:15 pm	Chs 1-4	25%
<i>Midterm II</i>	<b>Section 1:</b> Tue, Nov 12, 7:15 pm – 8:45 pm <b>Section 3:</b> Wed, Nov 13, 10:45 am – 12:15 pm	Chs 5, 9, 10	25%
<i>Final</i>	To be set by the Registrar	Cumulative	50%

- All midterms and the final exam are **individual and closed-book**. Exam Location is **TBD**.
- There will be no makeup exams. Students who miss a term test (and is excused) will have the weight transferred to the final exam. For all missed exams, you must submit your documentation to Academic Counselling **within two business days** of the exam date. You must also notify your instructor prior to the test or at least **within 24 hours** of the excused period.
- Students who miss a term test and are not excused will receive a grade of zero.
- Methods of evaluation consist of one or several of the following: multiple choice, short-answer questions, numerical calculations, true-false, and fill-in-the-blank questions.
- In the exams, only the use of a **non-programmable calculator** is allowed. For all tests and the final examination, multiple choice questions may have to be answered on scan sheets. You must use an **HB pencil** to fill in these sheets and you are responsible to bring your own pencils. There will be **NO** extra pencils and erasers.
- Cell phones, electronic translators, iPods, MP3 players, and other electronic devices are not permitted in tests and exams. These must be powered off and kept in your bag or jacket.
- It is mandatory that students bring their valid **UWO student ID card** to the midterm and the final exams.

*Note: 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.*

### **Contacting the Instructor:**

My office hours are listed on page 1. Please feel free to come to my office at those times to seek help or to discuss matters related to the course. If my scheduled office hours conflict with your schedule, you can request an appointment with me via email. Please insure that your email has subject line starting with “EC 2152,” this will minimize the risk of your email being overlooked or perceived as spam.

## **Guidelines and Expectations:**

Students are expected to come to class and to participate in various ways to the lectures, either by asking questions, by pointing out errors on the slides or by answering the questions I will ask during the lectures. Most of the time I will deliver my lectures using slides. The slides will be distributed through OWL and will be posted chapter by chapter as the course goes along. Occasionally, I will use the blackboard/whiteboard to cover additional material. The slides are not lecture notes. They are mainly providing outlines of what will be discussed in class. I will set the lecturing pace based on the assumption that you have copies of the slides with you in class.

Students are assumed to have read the material ahead of the lectures. Students should NOT expect me to talk about every single textbook page. The lectures will focus on the most important and challenging parts of the material. More basic material will be left for the students to study on their own. I might refer to this more basic material in the lectures, hence the need to read ahead to understand the lectures.

## **Copyright:**

Lectures and course materials, including power point presentations, outlines, and similar materials, are protected by copyright. Students may take notes and make copies of course materials for their own educational purposes. Students may not record lectures, reproduce (or allow others to reproduce), post or distribute lecture notes, wiki material, and other course materials publicly and/or for commercial purposes without written consent.

## **Topics Covered and Readings:**

The course will closely follow the required textbook (see above). The tentative outline is as follows:

### **Part I: Introduction and Measurement Issues**

1. Introduction (Chapter 1)
2. Measurement Issues (Chapters 2 and 3)

### **Part II: Basic Macroeconomic Models**

3. Consumer and Firm Behaviour: The Work-Leisure Decision and Profit Maximization (Chapter 4)
4. A Closed-Economy One-Period Macroeconomic Model (Chapter 5)

### **Part III: Savings, Investment, and Government Deficits**

5. A Two-Period Model: The Consumption-Savings Decision and Credit Markets (Chapter 9)
6. Credit Market Imperfections: Credit Frictions, Financial Crises, and Social Security (Chapter 10)
7. A Real Intertemporal Model with Investment (Chapter 11)

### **Part IV: Economic Growth**

8. Economic Growth: Malthus and Solow (Chapter 7)

**Please Note**  
**Department Policies for 2019-2020**

Remember that the University expects all students to take responsibility for their own Academic Programs. Students should also check their registration to ensure they 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://www.uwo.ca/univsec/pdf/academic\\_policies/exam/administration.pdf](http://www.uwo.ca/univsec/pdf/academic_policies/exam/administration.pdf).
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 an official academic transcript, suspension or expulsion.
4. **Plagiarism:** Students must write their essays and assignments in their own words. When taking an idea/passage from another author, it must be acknowledged with quotation marks where appropriate and referenced with footnotes or citations. Plagiarism is an academic offence (see Scholastic Discipline for Undergraduate Students in the Western Calendar at [http://westerncalendar.uwo.ca/PolicyPages.cfm?Command=showCategory&PolicyCategoryID=1&SelectedCalendar=Live&ArchiveID=#Page\\_20](http://westerncalendar.uwo.ca/PolicyPages.cfm?Command=showCategory&PolicyCategoryID=1&SelectedCalendar=Live&ArchiveID=#Page_20)).

Western University uses software to check for plagiarism and students may be required to electronically submit their work. Those found guilty will be penalized as noted in point 3.

5. It is a Department of Economics policy that **NO** assignments be dated, stamped or accepted by staff. Students must submit assignments in class or to the instructor during office hours.
6. When appealing a mark, students should refer to the Student Academic Appeals section in the current Western Academic Calendar at:  
[http://westerncalendar.uwo.ca/PolicyPages.cfm?Command=showCategory&PolicyCategoryID=1&SelectedCalendar=Live&ArchiveID=#Page\\_14](http://westerncalendar.uwo.ca/PolicyPages.cfm?Command=showCategory&PolicyCategoryID=1&SelectedCalendar=Live&ArchiveID=#Page_14)

Please note the relevant deadlines.

The Department will not consider an appeal unless an attempt has been made to settle the matter with the instructor first. Students who remain dissatisfied with the outcome may proceed with a written appeal (e-mails are not acceptable) to the Undergraduate Director in Economics, stating the reasons for their appeal. A 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:  

Deadline to <u>add</u> a first term half course:	<b>Friday September 13, 2019</b>
Deadline to <u>drop</u> a first term half course:	<b>Tuesday November 12, 2019</b>
9. Faculty of Social Science policy states that oversleeping or misreading an exam schedule is NOT grounds for a makeup. This rule applies to midterm and final exams in the Department of Economics.

### **Policy on Tests, Final Exams and on Missed Academic Responsibilities**

Students who proceed to write a test or examination must be prepared to accept the mark. Rewriting tests or examinations, or retroactive reweighting of marks, is **not** permitted. Students must book travel arrangements AFTER final exam dates have been posted; travel is not an acceptable excuse for absence from a final exam.

Students who are temporarily unable to meet academic requirements due to extenuating circumstances can follow Western University procedures to request academic consideration through the following routes:

- a) Submit a Self-Reported Absence form if the conditions for submission are met (e.g., only for exams or assessments worth 30% or less of the course mark; not applicable to final exams; maximum 2 self-reported absences per academic year; see [link](#) for full list of conditions and info).

If the conditions for submission of a Self-Reported Absence form are not met, then:

- b) For medical absences, submit a Student Medical Certificate (SMC) signed by a licensed medical or mental health practitioner along with a request for academic consideration to Academic Counselling in the student's home Faculty (see [link](#) for full info) ; or
- c) For non-medical absences (e.g., religious or compassionate), submit appropriate documentation to Academic Counselling in the student's home Faculty (see [link](#) for full info).

It is strongly recommended that students notify their instructors as soon as possible. University policy is that students **must** communicate with their instructors no later than **24 hours** after the end of the period covered by either the self-reported absence or SMC, or immediately upon their return following a documented absence. Failure to follow University policy and procedures may result in denial of academic accommodation and a grade of zero. Students should also set up an appointment to meet with their instructor as soon as possible. If the instructor is not available, send an email message, copying the Undergraduate Coordinator at [econugrd@uwo.ca](mailto:econugrd@uwo.ca).

Note: Academic consideration is not normally intended for long-term, recurring absences, an existing disability, or high levels of stress related to academic performance. In such cases, students should consult their academic counsellor. See [link](#) for full information. In all cases, if the documentation submitted to request academic consideration is not acceptable, students will receive a grade of zero for the missed test, exam, or assignment.

**For full information about Western University's policies and procedures for student absences and requests for academic consideration, please visit this [link](#).**

### **Policies Regarding Academic Accommodation**

The Faculty of Social Science's policies regarding academic accommodation is found at [http://counselling.ssc.uwo.ca/procedures/having\\_problems/index.html](http://counselling.ssc.uwo.ca/procedures/having_problems/index.html).

"Academic Rights and Responsibilities" are also outlined in the Western Calendar at <http://westerncalendar.uwo.ca/PolicyPages.cfm?PolicyCategoryID=1&command=showCategory&SelectedCalendar=Live&ArchiveID=>. 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 the instructor deems a student's class attendance as unsatisfactory, that student may be prohibited from writing the final examination. If there is intent to make use of this University policy, the student will be notified in writing.

### **Statement on Mental Health and Support Services**

Students under emotional/mental distress should visit [http://uwo.ca/health/mental\\_wellbeing/](http://uwo.ca/health/mental_wellbeing/) for more information and a complete list of resources on how to obtain help.