

**INTERMEDIATE MACROECONOMIC THEORY AND
POLICY I
ECONOMICS 2152A-002
Department of Economics
Western University**

September 2019

Instructor: L. MacDonald
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Office Hours (tentative): Wednesdays 1- 3 pm.

Classroom meeting time(s) & location: UCC 146, T 3:30 – 4:30 , Th 3:30 – 5:30

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

Undergraduate inquiries: 519-661-3507 SSC Room 4075 or 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 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.

Course 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 and goods 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.

Textbook:

Williamson, Stephen D., *Macroeconomics*, 5th Canadian Edition, 2017.

Or: The main textbook (referred to below as “Text”) is a custom package (coursepack), entitled *Collections for Economics 2152, Macroeconomic Theory I*, 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.

Grading:

Assessment: As everyone has different interests, strengths and schedules, I am trying to give you as much flexibility as possible. iclicker is optional.

Option 1: Using iclicker

Task	Dates	Points
<i>Midterm I</i>	Friday, October 4, 2019, 5 – 6:30 pm, rooms TBA.	20%
<i>Midterm II</i>	Thursday, October 31, 2019, 3:40 – 5:15 pm, rooms TBA.	25%
<i>iclicker</i>	Ongoing	10%
<i>Final</i>	To be set by the Registrar	45%

Option 2: Not Using iclicker

Task	Dates	Points
<i>Midterm I</i>	Friday, October 4, 2019, 5 – 6:30 pm, rooms TBA	25%
<i>Midterm II</i>	Thursday, October 31, 2019, 3:40 – 5:15 pm, rooms TBA	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 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 *September 11th!*) There are no makeups for midterm 2. *If you have a conflict with midterm 1, there will be a makeup date set by the department when you can write, with approved documentation only. If you cannot write at that time, which will be set **PRIOR** to the*

original exam date, then the percentage for that exam will be allocated to the final exam. For all missed exams, you must take your documentation to Academic Counselling within **two business days** of the exam. You must also notify your instructor **within 24 hours** of the excused period that you have missed the exam. You must meet both of these deadlines, 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 absence is excused, then the percentage for that exam will be allocated 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.

iClicker

iClicker is a free app which will allow you to use your laptop, phone or tablet to answer questions in class. iClicker will be used in class to ask a variety of questions. There will be a participation component as well as a component for obtaining the correct answer. Different questions will have different breakdowns. The first week will be practice. After that, iClicker can occur on any day, but not necessarily every day. More information will be provided in class. Students may only use their own “virtual clicker” and the use of someone else’s “virtual clicker” in class will constitute a scholastic offence and the possession of another student’s virtual clicker will be interpreted as an attempt to commit a scholastic offence. There will be no “makeups” or reweights for missed iClicker sessions. It is your responsibility to properly initialize your account through OWL. It is also your responsibility to notify the instructor **on the same day** the session has occurred if there have been any technology issues. During the iclicker sessions, I will announce the last warning to submit your answers. If you do not submit your answers by then, no adjustment will be made to your grade. However, I will calculate your grade using iclicker and excluding iClicker and use the higher of the two grades.

Classroom Policies:

Classroom Behaviour:

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. Videography/photography is ***NOT permitted*** as it may violate the privacy of your classmates. 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:

The course website will provide exam dates, assigned problems and incomplete lecture slides. 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.

An outline of the lecture notes will be available on OWL. **You are to bring these chapter 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. It is your responsibility to check the OWL site for this class as well as your email on a regular basis. 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. There is a strong correlation between class attendance and performance on the exams. 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.

E-mail 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.

Preliminary Reading Schedule:

Material very likely will 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.

Economic growth

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

Text Chapter 7.

If time permits, we will have a brief discussion of Canadian macro policies.

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 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.
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).

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
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.

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 add a first term half course:

Wednesday September 13, 2019

Deadline to drop a first term half course:

Tuesday November 12, 2019

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.

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. “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/ for more information and a complete list of resources on how to obtain help.