INTERMEDIATE MACROECONOMIC THEORY AND POLICY I
ECONOMICS 2152A-001
Department of Economics
Western University

May/June 2019

General Information:
Instructor: Jafar El Armali
Office: SSC 4006
Phone: 519-661-3500
E-mail: jelarmal@uwo.ca
Office hours: Monday and Wednesday 5:30-6:30 PM
Classroom meeting time(s) & location: Monday and Wednesday 7:00-10:00 PM, UCC 37
Course website: https://owl.uwo.ca/portal
Undergraduate inquiries: 519-661-3507 or 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 prerequisite(s) for this course are:

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 with an understanding of basic macroeconomic theory, problems, and policies. The course adopts the approach of using micro-foundations to study macroeconomic issues. It develops basic theoretical models to provide intuition and to analyze these issues. Topics include short-run fluctuations in economic activities, long-term economic growth, and other topics.

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

- Define macroeconomics, and discuss the scope of macroeconomists’ interest.
- Define and calculate GDP using three methods of national income accounting.
- Discuss the limitations of using GDP as the sole indicator of welfare.
- Define and calculate various labour market and price level measurements.
- Identify the various phases of the business cycle and explain how key macroeconomic variables behave in these phases.
- Develop basic macroeconomic models with micro-foundations.
- Critically compare and explain the causes and effects of changes in these models and apply this knowledge to new examples.
- Define and explain the income and substitution effects on the representative consumer’s choices.
- Determine how wages and return on capital are determined in a competitive economy.
- Distinguish between the sources of growth.
- Explain how monetary and fiscal policy affect the economy in the short and long-run.

Textbook(s):

Grading:
The course grade will be based on in-class quizzes, a midterm exam and a final exam. The materials for all quizzes and exams consists of the topics covered in the lectures. The distribution of marks is:
Quizzes (20%) – One quiz on each part of the course outline (next page).
Midterm (40%) – May 27th, Coverage: Chapters 1-5
Final (40%) – June 15th/16th, Coverage: Chapters 9-11, Chapter 7 and Chapter 8 (tentative)
Course Outline:

Part I
We will start with an introduction to macroeconomics and then move to measurement.
- Chapter 1: Introduction
- Chapter 2: Measurement
- Chapter 3: Business Cycle Measurement

Part II
In this part, we will study the behavior of consumers and firms, and then develop a one-period macroeconomic model with a representative consumer and a representative firm.
- Ch. 4: Consumer and Firm Behavior: The Work-Leisure Decision and Profit Maximization
- Ch. 5: A Closed-Economy One-Period Macroeconomic Model

Part III
In this part, we extend the one-period model to a two-period model to study consumption-savings decisions, investment, credit markets and government deficits.
- Ch. 9: A Two-Period Model: The Consumption-Savings Decision and Credit Markets
- Ch. 10: Credit Market Imperfections: Credit Frictions, Financial Crises, and Social Security
- Ch. 11: A Real Intertemporal Model with Investment

Part IV
In this last part, we will study how to model economic growth in the long-run. If time permits, we will also go through the concepts of convergence and endogenous growth.
- Ch. 7: Economic Growth: Malthus and Solow
- Ch. 8 (tentative): Income Disparity among Countries and Endogenous Growth
Please Note
Department Policies for Summer 2019

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.


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.htm#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:

<table>
<thead>
<tr>
<th>Session</th>
<th>Deadline to Add a Course</th>
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<tbody>
<tr>
<td>Distance Studies</td>
<td>Friday May 10, 2019</td>
</tr>
<tr>
<td>Intersession</td>
<td>Tuesday May 14, 2019</td>
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<tr>
<td>Summer Evening (first term)</td>
<td>Friday May 10, 2019</td>
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<tr>
<td>Summer Evening (second term)</td>
<td>Friday June 21, 2019</td>
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<thead>
<tr>
<th>Session</th>
<th>Deadline to Drop a Course</th>
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<tr>
<td>Distance Studies</td>
<td>Monday June 10, 2019</td>
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<tr>
<td>Intersession</td>
<td>Monday June 3, 2019</td>
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<tr>
<td>Summer Evening (first term)</td>
<td>Monday June 3, 2019</td>
</tr>
<tr>
<td>Summer Evening (second term)</td>
<td>Monday July 15, 2019</td>
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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 Regarding Makeup Tests and Final Examinations**

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

Students who proceed to write a test or examination must be prepared to accept the mark. Rewriting tests or examinations, or having their value reweighted on a retroactive basis, is **not** permitted. Students must also book travel arrangements AFTER final exam dates have been posted as they must not conflict with test or final exams.

Unless medically incapable of doing so, students must notify their instructor prior to the test date or at least within **24 hours** when requesting a makeup exam. Failure to follow this procedure may result in denial of academic accommodation and a grade of zero. Students should also set up an appointment as soon as possible to meet with their instructor. If the instructor is not available, send an email message, copying the Undergraduate Coordinator at econugrd@uwo.ca. **Notifying instructors of a missed exam does not automatically entitle students to a makeup.**

Students who seek a makeup exam must also provide supporting medical or other relevant documentation that their absence from a scheduled test or exam is beyond their control. Documentation should be submitted to the Academic Counselling Office of the student’s **home Faculty** as soon as possible (**preferably within 24 hours of the scheduled test**). Failure to follow this procedure may result in denial of academic accommodation and a grade of zero. If the documentation submitted is not acceptable, students will receive a zero for the missed test.
For personal illness, students may consult Student Health Services and request a Student Medical Certificate from the physician. If assessed by an off-campus doctor, students must obtain a certificate from his/her office at the time of the visit. The off-campus medical certificate form must also 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 religious or compassionate circumstances, students should ask their Academic Counsellor what documentation to provide. If 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 exams). Once students have this form, they must contact their instructor as soon as possible to make arrangements. Even if approved by their Academic Counsellor, there is no guarantee that students will be allowed to write the makeup test/exam.

For final examinations, students need to seek permission from their home Faculty Counsellor, Instructor, and the Department Undergraduate Director. Failure to follow this procedure may result in a grade of zero. Students 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. If approved, makeup examinations will be written within one month of the end of the exam period.

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.