

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

January 2020

General Information:

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Office Hours: Tuesdays 2:30-3:30pm and 5:30-6:30pm; or by appointment
Classroom meeting time & location: T 7-10pm in SEB 2200
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:

Prerequisite(s): Economics 1021A/B and Economics 1022A/B, or Economics 2001A/B, and one of MCV4U, Mathematics 0110A/B, Calculus 1000A/B, Calculus 1500A/B, Mathematics 1225A/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:

The goal of the course is to develop formal tools to perform quantitative macroeconomic analyses. We will discuss how important macroeconomic variables such as the total output produced in an economy, prices, and employment are measured in the data. We will establish key macroeconomic facts and use basic macroeconomic theory to analyze the facts observed in the data. We will study both short-run economic questions such as: what are the sources of business cycle fluctuations and long-run issues such as: why do economies grow and why are there large income differences among countries. This course will use math.

Course Learning Outcomes:

Upon successful completion of the course:

- the students will acquire knowledge regarding national income accounting methods, they will understand the benefits and drawbacks of the current measures of gross domestic product (GDP) and be aware of some alternative measures of a nation's well-being;
- the students will understand business cycles measurements, learn to interpret different business cycles facts for the Canadian economy, as well as be able to contrast recent recessions in Canada with past recessions or with recessions in other economies;
- the students will learn what is an economic model and why models are useful in formulating and answering economic questions;
- the students will be able analyze equilibrium outcomes in simple models of the macroeconomy and understand how the predictions for aggregate macroeconomic variables are affected by micro behaviour of individual agents and by other restrictions imposed on the equilibrium (such as financial frictions);
- the students will be able to assess the predictions of macroeconomic theories and compare them to Canadian data;
- the students will be able to answer simple macroeconomic policy questions with the use of the model(s) introduced and developed throughout the course;
- the students will understand main drivers of economic growth and engage in discussions about determinants of growth across different countries;
- the students will learn to apply their math skills for answering economic questions and understand why math skills are crucial to being a good economist.

Textbook(s):

The required text for this course is: **Williamson, Stephen D. Macroeconomics, 5th Canadian edition, Pearson Addison Wesley**. The text is available at the bookstore. The study guide accompanying the course is not required.

Or: You may purchase a custom package entitled *Collections for Economics 2152, Macroeconomic Theory I*, prepared specifically for our class which covers the chapters only in 2152. If you plan to also take Economics 2153, you should buy the full text as that would be the most cost effective.

Grading:

Your course grade will be based on two midterm exams and one final exam as follows:

Midterm Exam 1: 1.5 hours exam, held on *Tuesday, February 4* during regular class time, in the regular class room. Upon completion of the exam, we discuss the solution in class.

Midterm Exam 2: 1.5 hours exam, held on *Tuesday, March 10* during regular class time, in the regular class room. Upon completion of the exam, we discuss the solution in class.

Final Exam: 2 hour exam, date and time to be set by the Registrar's Office. If you shift the weight from a midterm to the final (as outlined below), your final exam will be 3 hours long.

The weighting of exams in obtaining the course grade is below:

Mid-term 1	35%
Mid-term 2	35%
Final exam	30%

All the tests are cumulative due to the nature of the class material. You will be notified which chapters to focus on before each exam. There will be no make-up midterm exams. If a student misses a midterm due to sickness or other acceptable excuse the student must present official documentation justifying the absence to the Academic Counselling office. Please do not email the professor with details regarding why you missed an exam.

If the *academic counsellor does not approve your absence* from an exam, or if there is *no justification for your absence*, a grade of zero is assigned to that midterm exam. If the *academic counsellor approves your absence* from an exam, the weight of that midterm exam will be added to the final exam. In this case, the final examination will cover the usual chapters **plus** the chapters of the missed midterm, and the final examination will be 3 hours long. For example, if midterm 1 covers Chapters 1, 2, 3 and 4 and if the final covers Chapters 7, 9, 10 and 11, and if you shifted the weight of midterm 1 to the final examination, your final will cover Chapters 1, 2, 3, 4, 7, 9, 10 and 11. This ensures all students are eventually being tested on all of the class material.

The following **reweighting rule** applies to all **students who have taken all three exams**. If the final exam grade is higher than the lowest midterm grade, the weight of the lowest midterm is changed to 20%, while the final exam weight is changed to 45% (All other weights remain the same). If you know you have not done very well on one of the midterm exams, the reweighting rule provides a way to improve your overall grade, as long as you perform better on the final. This reweighting rule does not apply to students who miss an exam.

You are responsible for all content covered in the lectures and in the assigned chapters of the textbook. Some chapter content may not be covered in lectures and some lecture content may not be in the textbook.

Electronic Devices: The only electronic device you may use during exams is a non-graphing, non-programmable calculator. Graphing/programmable calculators, cell phones, watches etc. must be turned off and kept in your bag. If you have any of these devices out during an exam it will be taken from you and will only be returned once you have turned in the exam.

Topics Covered and Readings:

Below is a tentative outline with references to book chapters in parentheses. The outline may be adjusted based on time constraints. Some material covered in class will not appear in the text, but may still appear on exams.

1. Introduction
 - a. Introduction to macroeconomic analysis [Ch. 1]
 - b. Measurement of macroeconomic variables [Ch. 2]
 - c. Key business cycle facts [Ch. 3]

2. A static general equilibrium model of the economy
 - a. Consumers: preferences, budget constraints and optimal consumption and leisure decisions [Ch. 4]
 - b. Firms: Technology and profit maximization [Ch. 4]
 - c. Government: Spending and Taxes [Ch. 5]
 - d. Competitive Equilibrium [Ch. 5]

3. Dynamic general equilibrium models of the economy
 - a. A two-period model: Consumption-savings decision [Ch. 9]
 - b. Government spending, taxation and Ricardian Equivalence [Ch. 9]
 - c. Credit market imperfections and social security programs [Ch. 10]
 - d. A model with investment [Ch. 11]

4. Economic Growth
 - a. Economic growth facts [Ch. 7]
 - b. The Malthusian model of growth [Ch. 7]
 - c. The Solow model of growth [Ch. 7]

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.

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 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 <u>add</u> a second term half course:	January 14, 2020
Deadline to <u>drop</u> a second term half course:	March 7, 2020
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.