

INTERMEDIATE MACROECONOMICS II
ECONOMICS EC2221B-001
Department of Economics
Western University

January 2020

General Information:

Instructor: Sergio Ocampo
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E-mail: socampod@uwo.ca
Office hours: Monday 2:40-3:40pm, Wednesday 1:40-2:40pm
Classroom meeting time(s) & location: Monday 12:30-2:30pm, FIMS 3210
Wednesday 12:30-1:30pm, WIRB 1170
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 that 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 for this course is **Economics 2220A/B**
The anti-requisite for this course is **Economics 2153A/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 course continues with the topics introduced in Intermediate Macroeconomics. The main objective is to improve the student's ability to interpret, solve and use formal macroeconomic models. To do this we will cover topics in economic policy, the question will always be how a

certain policy tool affects the economy. The objective of going through these topics is to show students how formal economic modeling is applied to the study of policy-relevant questions.

Special attention will be given to provide the students opportunities to improve their reading comprehension of academic economic papers. Additionally, the course will emphasize tasks such as defining the equilibrium of a model, deriving the first-order conditions of agents' problems, and graphically solving for the equilibrium. Differential calculus will be used heavily in this course.

Class attendance is strongly advised. Complete class notes will not be provided. You are responsible for all material covered in the lectures. If you miss a class, please get the class notes from a fellow student, or approach me in office hours.

Course Learning Outcomes:

After taking this course a successful student should be able to:

1. Understand academic economic papers.
2. Explain to others the main concepts in a paper.
3. Formalize an economic environment by posing the problems of the relevant agents.
4. Derive intuition from the solution to an economic model.

Textbook(s):

The textbook we will follow is Williamson, Stephen, Macroeconomics, 5th Canadian Edition, Pearson Addison Wesley.

We will also have readings assigned by the instructor.

Grading:

Readings: 20% (5 equally weighted readings from the Journal of Economic Perspectives)
Problem sets: 30% (3 equally weighted problem sets out of 4)
Midterm: 25%
Final: 25%

Readings:

1. The macroeconomist as scientist and engineer JEP-V20-N4-2006
2. Select at least one of these two:
 - a. Who suffers during recessions? JEP-V26-N3-2012
 - b. Activist fiscal policy JEP-V24-N4-2010
3. Select at least one of these two:
 - a. A century of U.S. central banking JEP-V27-N4-2013
 - b. Microeconomic heterogeneity and macroeconomic shocks JEP-V32-N3-2018

4. Select at least one of these two:
 - a. Putting Ricardo to work JEP-V26-N2-2012
 - b. The European sovereign debt crisis JEP-V26-N3-2012
5. Select at least one of these two:
 - a. Income inequality, equality of opportunity, and intergenerational mobility JEP-V27-N3-2013
 - b. The top 1 percent in international and historical perspective JEP-V27-N3-2013

Problem Sets: Homework assignments are expected to take roughly 5 hours. You may (and are encouraged to) work on homework assignments in groups of up to three students. These assignments are intended to help prepare you for the exams, so I highly recommend understanding how the problems are solved rather than blindly copying the answers from someone else. Homework assignments must be submitted in class (or in office hours previous to the due date).

Makeup Policy: In case you miss the midterm due to an illness, you must be officially excused by the Academic Counseling office or by a self-reported absence and the weight of the midterm will be added to the final exam, respectively (e.g. if you miss the midterm the final exam will now account for 50% of your grade). Please see the Policy Regarding Makeup Tests and Final Examinations on the last pages for more details.

Tentative Schedule:

	Topic	Material	Assignment
Jan. 06-08	Review	Ch. 5-11	
Jan. 13-15	Introducing Money + Neutrality	Ch. 12	First Reading
Jan. 20-22	Cash in Advance Model	Appendix	Problem Set 1
Jan. 27-29	RBC Model (Review)	Ch. 13	Second Reading
Feb. 03-05	New Keynesian Model	Ch. 14	Problem Set 2
Feb. 10-12	Midterm Review		Midterm
Feb. 17-19	Reading Week		
Feb. 24-26	International Trade	Ch. 16	
Mar. 02-04	Tariffs in Assign. Trade Model	Notes	Third Reading
Mar. 09-11	Exchange Rates	Ch. 17	Problem Set 3
Mar. 16-18	Banking	Ch. 18 + App.	Fourth Reading
Mar. 23-25	Unemployment	Ch. 6	
Mar. 30-01	Heterogeneity in Macro + Review		Problem Set 4

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 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 <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.