

Intermediate Macroeconomic Theory and Policy I
ECONOMICS EC2152B-001
Department of Economics
Western University

January 2021

Instructor: Sunghoon Cho

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Office Hours: Email office hours: Wed 2:00-4:00 PM (ET)

Zoom or Collaborate by appointment

Classroom meeting time(s) & location: Online asynchronous

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 prerequisite(s) for this course is (are) **Economics 1021A/B** and **1022A/B**, or **Economics 2001A/B**, and one of **MCV4U**, **Mathematics 0110A/B**, **Calculus 1000A/B**, **Calculus 1500A/B**, **Mathematics 1225A/B** or the former Calculus 1100A/B.

Prerequisite(s) for your course can be found in the Western Calendar at:

<http://westerncalendar.uwo.ca/Courses.cfm?Subject=ECONOMIC&SelectedCalendar=Live&ArchiveID>

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 a course in macroeconomic theory in the intermediate level. It uses a modern approach to macroeconomics by building macroeconomic models from microeconomic principles. As such, it is consistent with the way that macroeconomic research is conducted today. The course is primarily concerned with developing basic workable models used for macroeconomic analysis. The determination of the aggregate output, aggregate consumption and investment, economic growth and business cycles will be discussed. Some policy issues – the real-world applications of our basic models – will be also addressed.

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, goods and money 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

Online Lectures

All of the course materials will be posted on “Lessons” tab on OWL. There will be PPT slides as well as recorded video lectures. The PPT slides will be posted in advance. Each week’s video lectures will be posted by Tuesday. The video lectures will focus on more difficult concepts that involve mathematics. They will also include some of the concepts that may not be in the textbook. You are responsible for everything in the textbook, PPT slides, and the video lectures.

Textbook(s):

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

MyLab Course Id: TBA

(MyLab access is absolutely required for online assessments)

You must register for MyLab **using your UWO email** and student number. Students using emails other than their UWO emails and/or without their UWO student number will be removed. If an account is removed, all activities and assessments associated with that account will also be removed, and permanently, and will in no way be considered for grading.

Technical Requirements

- Laptop or computer
- Stable internet connection
- Microphone
- Webcam

Grading:

The course grade will be based on two midterm exams and a final exam. All exams will be in multiple choice format. The material for all tests and exams consists of the topic covered in the textbook, and covered in the lectures. The distribution of the marks and tentative date for the exams are:

Midterm 1 (30%) (Thursday, February 4th, 2:00-5:00 PM, ET)

Midterm 2 (30%) (Thursday, March 4th, 2:00-5:00 PM, ET)

Final (Cumulative) (40%) (TBA by registrar’s office)

The midterm exams dates are tentative and subject to change. All of the exams will be 2 hours long with 3-hour window to complete. Students will only be allowed to submit each exam once.

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. The material for all tests and exams consists of the topic covered in the textbook in the lectures.

Topics/Chapters:

Part I

The first three chapters will cover basic motivation and introduction to macroeconomics as well as graphs and measurements used in macroeconomics.

- Chapter 1: Introduction
- Chapter 2: Measurement
- Chapter 3: Business Cycle Measurement

Part II

After covering mathematics and microeconomics review, which will be needed throughout the semester, we will start with a basic one-period model of macroeconomics. Everything we do afterward will be based on this material. This is the most important part of the semester.

- Math/Micro Review
- Chapter 4: Consumer and Firm Behavior: The Work-Leisure Decision and Profit Maximization
- Chapter 5: A Closed Economy One-Period Macroeconomic Model

Part III

In this part, we will expand our simple, static model to a more complicated, dynamic, two-period models.

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

Part IV

The last part of the semester is rather independent from the other chapters, but very important nonetheless. We will study how to model economic growth in the long run.

- Chapter 7: Economic Growth: Malthus and Solow

Policies regarding make-up quiz/exam

THERE WILL BE NO MAKE UP FOR THE MIDTERM. Students with an approved absence from a midterm will have the weight of the missed midterm reallocated to the final exam. Students who miss both midterms during the term will not be permitted to reweight them to the final exam. The weight of the first missed midterm will be reweighted to the final exam, but you will receive a zero for the second missed midterm.

In addition, students who miss both midterms are likely not to have met the course learning outcome and may not be permitted to pass the course, regardless of the grades received on the remaining assessments. They should contact the instructor for additional steps.

Students who have an approved absence from the final exam will be required to write a makeup final exam that may differ in format from the original final exam. The makeup final exam may or may not be administered via MyLab and will be proctored using Zoom.

Students who miss any assessment must follow Western University's procedures for approval of their absence in order to receive an accommodation. Please see below for details on these procedures. If Western University announces any procedures for the approval of absences that supplement or supplant the information provided on this syllabus, please follow those procedures.

Please Note
Department & University Policies for 2020-2021

The University expects all students to take responsibility for their own Academic Programs. Students should check their registration to ensure they are enrolled in the correct courses.

Academic Rights and Responsibilities: Students should be familiar with their “Academic Rights and Responsibilities” as outlined [here](#) in the Western Academic Calendar. Claiming that “you didn’t know what to do” is not an acceptable excuse for not following the stated procedures.

Guidelines and Policies for Students are posted online in the current Western Academic Calendar at <http://westerncalendar.uwo.ca>. Undergraduate information for the Faculty of Social Science can be found at: <https://www.ssc.uwo.ca/undergraduate/index.html> and for the Department of Economics at: <https://economics.uwo.ca/undergraduate/index.html>.

Rules of Conduct for Examinations: Students are expected to know the university’s Rules of Conduct for Examinations, available [here](#).

Cheating and Academic Offences: Students are responsible for understanding what it means to “cheat.” The Department of Economics treats cheating and other academic offences 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 Economics courses or programs. The University may impose further penalties such as suspension or expulsion.

Plagiarism: Plagiarism is an academic offence. Students must write their essays and assignments in their own words. Ideas/passages taken from another author must be referenced with footnotes or citations and acknowledged with quotation marks where appropriate. 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. See Scholastic Discipline for Undergraduate Students [here](#) in the Western Academic Calendar.

Academic Appeals: Students should refer to the Student Academic Appeals section [here](#) in the Western Academic Calendar. Please note the relevant deadlines.

Department Appeals Procedures: 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 submit a written appeal to the Undergraduate Director in Economics, stating the reasons for their appeal. Information on the Department of Economics’ appeals procedure and the appeals form are available [here](#).

Systematic Adjustments: Systematic adjustments of class grade distributions (either up or down) can occur in Economics courses. The systematic adjustment of a class grade distribution is **not** grounds for an appeal.

Add/drop deadlines:

Deadline to add a second term half course:

Tuesday January 19, 2021

Deadline to drop a second term half course:

Sunday March 14, 2021

Oversleeping or Misreading the Exam Schedule: Faculty of Social Science policy states that oversleeping or misreading the exam schedule is NOT grounds for a makeup. This rule applies to all exams in the Department of Economics.

End of Term Travel: Students must book travel arrangements AFTER final exam dates have been posted; travel is not an acceptable excuse for absence from a final exam.

Rewriting Exams and Retroactive Reweighting are NOT Permitted: 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.

Accommodation Policies: Students with disabilities should work with Accessible Education (formerly SSD), which provides recommendations for accommodation based on medical documentation or psychological and cognitive testing. The accommodation policy can be found here: [Academic Accommodation for Students with Disabilities](#).

Academic Consideration for Missed Assessments/Exams due to Student Absence: Students will have up to two (2) opportunities during the regular academic year to receive academic consideration if they self-report a missed assessment using the online portal, provided the following conditions are met: the assessment is missed due to an absence of no more than 48 hours in duration, and the assessment for which consideration is being sought is worth 30% or less of the student's final grade. Students are expected to contact their instructors within 24 hours of the end of the period of the self-reported absence, unless noted otherwise on the syllabus. Students are not able to use the self-reporting option in the following circumstances:

- for exams scheduled by the Office of the Registrar (e.g., December and April exams)
- absence of a duration greater than 48 hours
- assessments worth more than 30% of the student's final grade
- if a student has already used the self-reporting portal twice during the academic year

If the conditions for a Self-Reported Absence are *not* met, students will need to provide a Student Medical Certificate (SMC) if the absence is medical or provide appropriate documentation if there are compassionate grounds for the absence in question. Students are encouraged to contact their Faculty academic counselling office for more information about the relevant documentation. It is strongly recommended that students notify the instructor as soon as possible, ideally before the assessment, when they become aware of an absence. University policy is that students must communicate with their instructors no later than 24 hours after the end of the period covered by the SMC or immediately upon their return from their documented absence. Failure to follow University policy and procedures may result in denial of academic accommodation and a grade of zero.

Individual instructors are not permitted to receive documentation directly from a student, whether in support of an application for consideration on medical grounds or for other reasons. **All required documentation for absences that are not covered by the Self-Reported Absence Policy must be submitted to the Academic Counselling office of a student's Home Faculty.**

For Western University policy on Consideration for Student Absence, see:
[Policy on Academic Consideration for Student Absences - Undergraduate Students in First Entry Programs.](#)

For the Student Medical Certificate (SMC), see:
http://www.uwo.ca/univsec/pdf/academic_policies/appeals/medicalform.pdf.

Religious Accommodation: Students should consult the University's list of recognized religious holidays and should give reasonable notice in writing, prior to the holiday, to the Instructor and an Academic Counsellor if their course requirements will be affected by a religious observance. Additional information is given in the [Western Multicultural Calendar](#).

Policy Regarding Class Attendance and Engagement: If the instructor deems a student's attendance or engagement in the class to be unsatisfactory, that student may be prohibited from writing the final examination. Examples of unsatisfactory class engagement include frequent absences from an in-person or synchronous online class, lack of assignment submissions, and inadequate use of online course materials. Instructors who intend to make use of this policy will notify the student in advance.

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.