Macroeconomic Policy
ECONOMICS 2289G
Department of Economics
University of Western Ontario
Winter, 2021

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Office Hours: Th, 2:00 – 3:30EST. Note that this only means that I will not schedule anything else during this time. If you want to meet, send me an email and I will send you a Zoom link.

Class Times: M 1:30-3:30, W 1:30- 2:30 EST, Note that this is a synchronous online class. Class meetings will occur during this time and will not be recorded.

Course Description: This is an essay course dealing with issues in contemporary macroeconomic policy. There is no textbook, the material you will need to understand and write about is contained in the class lectures, and in readings which are all available on the course Owl site.

Evaluation: As this is an essay course, 85% of your mark will be based on written assignments, including a final Policy Paper. The other 15% of your mark will be for participation. Your course mark out of 100 will break down as detailed below.

1. Participation: This has two components – 10 marks for Attendance and 5 for Input.

Attendance - Everyone starts with 10 Attendance marks, and loses one mark for each class session for which they are not Present. To be considered Present for a class you must be on zoom throughout the class, with your camera on. Thus, more than 10 lectures in which you are not present will earn you a negative Attendance mark.

Input - The 5 marks for Input are earned by emailing me 5 different Questions or Comments on class material. You can email me no more than one in any week. To get the Input mark your question/comment must be judged sufficiently relevant and substantive – by me. All such submitted questions will be taken up in class.

2. Three take-home essay-writing assignments: Each of these will be given to you on the dates listed below, and you will have one week to compose your answers. These will be marked for the quality of your writing as well as the content of your answers. These assignments will be posted on the Owl site for you to download on the dates given below. You will have to upload your answers into Owl by 4pm one week after. Turnitin will be used.

   Assignment 1: Thursday, January 28 15% of course mark
   Assignment 2: Thursday, March 4, 20%
   Assignment 3: Thursday, March 25, 20%

3. Policy Term Paper: This will count for 30% of your mark. This is expected to be a 20 page (approximately) paper, due on April 15. Detailed instructions on this paper will be provided by the end of January.
Course Log

The course website has a folder labelled Course Log. After each class session (or soon thereafter) I will update that log with a brief summary of what was covered that day, along with any announcements of what will be covered in coming lectures, including any readings for which you are responsible.

Course Outline

All readings below are available on the Owl site. As macroeconomic policy is an ongoing part of the world, other readings may come to my attention during the course that I want you to read. These will be announced in class and put up on the website.

Note: I do not post (or lend out) my slides or my lecture notes. Ever. The only way to find out what is in them is to do the assigned readings, attend class and take notes.

I. Monetary policy past and present

A. Past and Present

Bank of Canada, 2012, Backgrounder on The Bank Rate
Bank of Canada, 2016, Backgrounder on Targeting the Overnight Rate
Bank of Canada, 2020, Explainer on Quantitative Easing

Board of Governors of the Federal Reserve, 2018, Monetary Policy: What Are Its Goals? How Does It Work?

Bank of England on Quantitative Easing


B. The Future? – Modern Monetary Theory
Globerman, S, 2020, Modern Monetary Theory, Parts 1 – 4, Fraser Forum
Matthews, D, 2019, Modern Monetary Theory, explained, Vox, April 16
Dowd, K, 2020, The Deficit Myth: Modern Monetary Theory and the Birth of the People’s Economy, Cato Journal, Fall

II. The global financial crisis of 2007-08
A. What happened

Federal Reserve Bank of St. Louis, 2015, ‘Full timeline of the financial crisis’
Mishkin, F S, 2011, Over the Cliff: From the Subprime to the Global Financial Crisis, Journal of Economic Perspectives, 25, pp. 49–70

B. Causes and post-mortems

**III. Technological change, productivity, and the labour share of income**

Mokyr, J, 2018, ‘The past and the future of innovation: Some lessons from economic history’, *Explorations in Economic History*


Frey, C B, and M Osborne, 2017, ‘The future of employment: How susceptible are jobs to computerisation?’, *Technological Forecasting & Social Change*


Green, D and B Sand, 2015, ‘Has the Canadian Labor Market Polarized?’, *Canadian Journal of Economics*, 48


Free exchange: The rising cost of education and health care is less troubling than believed, *The Economist* Jun 20th 2019

**IV. Poverty, inequality and remedies**

Corak, M, 2016, ‘Inequality is the root of social evil,’ or Maybe Not? Two Stories about Inequality and Public Policy’, *Canadian Public Policy*

Atkinson, A. B, 2015, ‘Can we reduce inequality in OECD countries?’, Empirica, 42:211–223


Simpson and Stevens, 2018, Rejoinder to Kesselman, Canadian Public Policy


**Basic Rules and Advice for Ec 2289G**

1. It is your responsibility to keep yourself informed about the course: in particular all required readings and the dates for all assignments. All of this information will be presented in class and also can be found on the course website and outline.

2. You are welcome to communicate with me via email. I will answer as promptly as possible, subject to the following constraints:

   a. If you send an email with a question whose answer is clearly provided on the website or course outline, I’ll ignore the email; see Point 1 above.

   b. If you ask a question about the course material – and in this course you are required to do so at least 5 times – I will discuss your question in class.

   c. The university’s position on Ontario’s Freedom of Information and Privacy Protection Act implies that I am not to respond to any email in a way that could possibly be interpreted as conveying confidential academic or personal information, unless it is to a UWO email address. Therefore, if you want to be sure to get an answer from me to any email, write to me from your UWO email account.
3. My lectures sometimes use slides, but are mostly ‘chalk and talk’. Everything in the lectures is designed to be an elaboration of the material you are expected to read for the course, therefore I will not post slides or lecture notes on the website, unless the slides contain detailed graphs or data you cannot get access to otherwise. Understanding the material in this course will require you to read the text and other materials and come to the lectures to take notes and ask questions.

4. The course lectures are intended to be interactive, and you are expected to arrive having read the assigned material and to participate. Anything that comes up in a lecture is part of the course material, so you are absent at your peril, on top of the deduction from your participation mark.

Long experience in this and other courses has made the following clear: if you do not attend class and take notes, you will not do well. Further – taking pictures of my slides/screen or the whiteboard is not an effective substitute for taking notes; you need to engage your brain, not a camera.