

Advanced Macroeconomics I  
ECONOMICS EC3320B  
Department of Economics  
Western University

January 2023

**Instructor:** Elizabeth Caucutt  
**Office:** 4043 SSC  
**Phone:** (519) 661-2111 ext. 85235  
**E-mail:** [ecaucutt@uwo.ca](mailto:ecaucutt@uwo.ca)  
**Office Hours:** M/W 8:30-9:30.

**Recording policy:** The participants in the course are not allowed to record during office hours or class.

**Classroom meeting time(s) & location:** M 9:30-11:30, W 9:30-10:30, AHB 1B06

**Course website:** <https://owl.uwo.ca/portal>

**Undergraduate Inquiries:** 519-661-3507 or SSC room 4075 or [econugrd@uwo.ca](mailto: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 2221A/B and Economics 2261A/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 Description/Overview:** In this course we will develop the Neoclassical Growth Model and then use it as a tool for economic analysis. We will compare the implications of this model to data. We will discuss the successes and limitations of this model in explaining

cross-country income differences. We will extend the model to incorporate business cycle fluctuations to see how well the model can account for short-run movements of the economy.

### **Course Learning Outcomes:**

1. Students will understand how the desire to consumption smooth is linked to parameters in CES preferences, and what the implications are as the desire to consumption smooth changes.
2. Students will be able to set up the firm's and the household's problem within the Neoclassical Growth Model, and then derive and interpret the corresponding Euler equation.
3. Students will define and characterize a competitive equilibrium and link the resulting allocation with that of the benevolent social planner using the welfare theorems.
4. Students will understand what it means to calibrate the Neoclassical Growth Model.
5. Students will be able to perform comparative statics exercises on the balanced growth path allocation in the Neoclassical Growth Model and understand the transitional dynamics of the economy in the Neoclassical Growth Model as it converges to a balanced growth path.
6. Students will be able to use the Neoclassical Growth Model for growth accounting and will be able to evaluate the model based on balanced growth path predictions.
7. Students will be able to extend the Neoclassical growth model to analyze short-run movements of the economy.

### **Textbook/Resources:**

There is no required text for this course. You are responsible for all content covered in lecture and any material posted on OWL. Note that I do not supply class notes.

### **Grading:**

Your final grade will be based on one midterm (35%), Homework (15%), and a Final exam (50%)

**Exams:** The midterm will be held in class on Monday, February 27 (tentative). The final exam date and time is TBA. The exams will be closed book and closed note, and electronics free. The final exam will be cumulative with an emphasis on more recent material. There will be no make-up midterm exam. If a student misses the midterm due to sickness or other acceptable excuse the student must present an official document justifying the absence and the weight of the midterm will be added to the final exam. In cases of lack of justification for the absence, a grade of zero will be attributed to the midterm.

**Homework:** There will be four homework assignments, due January 30, February 13, March 20, and April 10. The homework assignments must be submitted by the START of the class period in which they are due. How assignments are to be submitted either in person or on OWL is TBA. Assignments turned in late will not be accepted. The lowest score will be dropped.

**Bonus Quizzes:** At the start of class every Wednesday, there will be a short, one question quiz based on the lecture from the last class. There will be 10 in total, beginning on January 18, with no quiz on March 1. If you complete 8 or more correctly, you will be given a bonus two points on your final grade. If you complete 4 or more correctly, you will be given one bonus point on your final grade. There are no makeup quizzes.

### **Class Conduct:**

- Please turn off and put away all electronic devices not being used for class purposes during class. You will get much more out of this course if your attention is on the lecture, and students who are multitasking are a distraction to me.
- No pictures/recording during class.
- Attendance does not directly play a role in your grade. However, students who do poorly in this course are generally students who have weak attendance records. If you miss class, get notes from a classmate.
- The syllabus and your class notes are full of information. Please consult these for answers to frequently asked questions.

### **Topics Covered and Readings:**

Introduction to the Class

Basic Model

- Households
- Firms
- Aggregate Resource Constraint
- Competitive Equilibrium
- Characterization of Equilibrium

Social Planner

- The Social Planner's Problem
- Characterization of the Social Planner's Problem
- The Welfare Theorems
- Steady State Analysis
- Dynamic Analysis

Neoclassical Growth Model

- Social Planner's Problem
- Balanced Growth Path
- Calibration
- Comparative Statics
- Transitional Dynamics
- Convergence

Evaluating the Neoclassical Growth Model:

- Growth facts

- Growth Accounting
- The Productivity Slowdown

#### The Real Business Cycle Model

- Households
- Firms
- Equilibrium
- Calibration
- Evaluating the model

#### **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 & University Policies for Winter 2023**

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, policies, and your academic rights and responsibilities** are posted online in the current Western Academic Calendar at: <http://westerncalendar.uwo.ca>. Claiming that “you didn’t know what to do” is not an acceptable excuse for not following the stated policies and procedures.
2. Students must familiarize themselves with the “**Rules of Conduct for Examinations**” [http://www.uwo.ca/univsec/pdf/academic\\_policies/exam/administration.pdf](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 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](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 to the instructor.
6. **Appeals:** University policies and procedures for appealing a mark can be found in 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](http://westerncalendar.uwo.ca/PolicyPages.cfm?Command=showCategory&PolicyCategoryID=1&SelectedCalendar=Live&ArchiveID=#Page_14). **Please note the relevant deadlines.**

Department of Economics procedures for appealing a mark can be found here: [https://economics.uwo.ca/undergraduate/program\\_counselling/responsibilities\\_policies.html#appeals](https://economics.uwo.ca/undergraduate/program_counselling/responsibilities_policies.html#appeals). 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 to submit an appeal to [econugrd@uwo.ca](mailto:econugrd@uwo.ca). Please follow the instructions and use the appeal form shown in the above link.

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 add a second term half course: **Tuesday, January 17, 2023**
  - Deadline to drop a second term half course: **Tuesday, March 7, 2023**

### **Policy Regarding Makeup Tests and Final Examinations**

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.

### **Policies Regarding Academic Accommodation**

- 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. The Faculty of Social Science's policies on academic accommodation are found at [https://counselling.ssc.uwo.ca/procedures/academic\\_consideration.html](https://counselling.ssc.uwo.ca/procedures/academic_consideration.html)
- **Accommodation for Students with Disabilities:** Students with disabilities or accessibility challenges should work with Accessible Education (formerly SSD, see [http://academicsupport.uwo.ca/accessible\\_education/index.html](http://academicsupport.uwo.ca/accessible_education/index.html)), 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](#).
- **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. 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 to the instructor, copying the Undergraduate Coordinator at [econugrd@uwo.ca](mailto:econugrd@uwo.ca). **Notifying instructors of a missed exam does not automatically entitle students to a makeup.**

- For medical illnesses, 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/assessment. Student Medical Certificate (SMC) is available here:  
[https://www.uwo.ca/univsec/pdf/academic\\_policies/appeals/medicalform.pdf](https://www.uwo.ca/univsec/pdf/academic_policies/appeals/medicalform.pdf)
- **Documentation for Accommodation:** 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.
- **Western University policy on Consideration for Student Absence** is available here:  
[https://counselling.ssc.uwo.ca/procedures/probation\\_rtw/appeals.html](https://counselling.ssc.uwo.ca/procedures/probation_rtw/appeals.html)
- **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/](http://uwo.ca/health/mental_wellbeing/) for more information and a complete list of resources on how to obtain help.

### **Statement on Remote Proctoring:**

While Western intends to hold most classes, mid-terms and finals in-person, the London-Middlesex Health unity may require western to teach in a remote format. If this occurs, all assessments will be done remotely and may involve the use of remote proctoring software (i.e., Proctorio, ProctorTrack). Instructors will provide information on the details should the need arise.