

## Economics 303 (L03) Intermediate Economic Theory – Macroeconomics I

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Lecture Location: ST 132  
Lecture Days/Time: TR 11:00 – 12:15

Office: SS 338  
Office Hours: TR 13:00 – 14:00

Fall 2019

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### Course Description:

This course is the first of the two intermediate macroeconomic theory courses (the second being ECON 359) that are required to major in Economics. It provides an overview of the determination of output both in the short run and in the medium run. The course introduces a basic framework known as the IS-LM model and the AS-AD model of output. It also discusses the implications of openness and how the macroeconomic model can be used to study the effects of various exogenous shocks and government policies (monetary, fiscal, and exchange rate policies) on the economy.

### Course Outcomes:

After completing this course, students will know

- what the subject matter of macroeconomics is
- what the key macroeconomic variables are and how they are measured
- the short-run equilibrium in a closed economy, which includes:
  - the conditions for equilibrium in the goods market (the IS curve) and the money market (the LM curve)
  - the joint equilibrium in the goods and money markets, and the derivation of the aggregate demand (AD) curve
  - the effects of various shocks and government policies on equilibrium
  - the role of expectations
- the medium-run equilibrium in a closed economy, which includes:
  - the conditions for equilibrium in the labor market
  - the labor-market equilibrium and the derivation of the aggregate-supply (AS) curve
  - the effects of various shocks and government policies on equilibrium
  - the role of expectations
  - the discussion of economic crisis within the framework of the IS-LM-AD-AS model
- how the IS-LM-AD-AS model for an open economy (the Mundell-Fleming model) differs from the one for a closed economy
- how to derive the Phillips Curve from the aggregate-supply curve and understand the policy implications of a negatively sloping Phillips curve
- how inflation and money growth are related in both the short run and the medium run

**Course Outline:**

This course covers the following topics. (Note: Some topics may be added or removed depending on time constraints)

1. Introduction to macroeconomics (Chapter 1)
2. Macroeconomic data and measurement issues (Chapter 2 and Appendix A1)
3. The short-run equilibrium: The IS-LM model (Chapters 3-8)
4. The medium-run equilibrium: The AS-AD model (Chapters 9-14)
5. The Phillips curve (Chapter 12)
6. Inflation and money growth (Chapter 13)
7. Economic crisis (Chapter 14)
8. Expectations and financial markets (Chapters 19-20)

**Prerequisites:**

Mathematics 30-1 or equivalent; ECON 201 and ECON 203. The prerequisites for this course can be found at: <https://www.ucalgary.ca/pubs/calendar/current/economics.html>

**Required Textbook:**

Blanchard, Olivier and David Johnson, 2015. *Macroeconomics*, Fifth Canadian Edition. Toronto: Pearson Canada Inc.

**Books on Reserve:**

Blanchard, Olivier and David Johnson, 2015. *Macroeconomics*, Fifth Canadian Edition. Toronto: Pearson Canada Inc.

**Desire2Learn:**

This course will make use of the Desire2Learn (D2L) platform. Students who are registered in the course can log on at <http://d2l.ucalgary.ca> through their student centre. Please note that D2L features a class e-mail list that may be used to distribute course-related information. These e-mails go to your University of Calgary e-mail addresses only.

**Tutorials:**

Students are expected to attend the weekly tutorial section to which they have been assigned. During the tutorials, the TA will discuss pre-assigned questions and additional material relevant to the course that is not covered in lectures.

**Grade Determination and Final Examination Details:**

Assignments	15%
Tutorial Participation	5%
First Midterm Exam	20%
Second Midterm Exam	20%
Final Examination	40%
	100%

The official grading system will be used. See <http://www.ucalgary.ca/pubs/calendar/current/f-1-1.html>.

A passing grade on any particular component of the course is not required for a student to pass the course as a whole.

If a student's letter grade on the final exam exceeds their midterm(s) letter grade, the weight of the midterm(s) is (are) transferred to the final exam. The student must have written the midterm(s) or provided supporting documentation for the absence(s) such as a medical note or statutory declaration.

As per the Writing Across the Curriculum Statement in the Calendar, writing and grading thereof will be a factor in the evaluation of student work. [See https://www.ucalgary.ca/pubs/calendar/current/e-2.html](https://www.ucalgary.ca/pubs/calendar/current/e-2.html).

Any student work which remains undistributed after the last day of classes will be available to students through the instructor's office during the instructor's office hours.

The final examination will be comprehensive, scheduled by the Registrar, held in a classroom, and last 2 hours. If a student cannot write their final exam on the date assigned by the Registrar's Office, they need to apply for a deferred exam [www.ucalgary.ca/registrar/exams/deferred\\_final](http://www.ucalgary.ca/registrar/exams/deferred_final). Under no circumstance will this be accommodated by the Department.

Tests and exams WILL NOT involve multiple choice questions. Programmable calculators, cellphones, textbooks, course notes, and other electronic devices will not be allowed during the writing of tests or final examinations. Students are reminded that simply being able to access their cellphone during an exam is academic misconduct.

THERE WILL BE NO MAKEUP OR DEFERRED TESTS/EXAMS under any circumstances, nor may the exams be written early. Students unable to write the exams because of documented illness, family emergency, religious observance, or university-sanctioned event will have the weight shifted to the final examination; otherwise a grade of zero will be assigned.

**Reappraisal of Grades and Intellectual Honesty:**

*For reappraisal of graded term work, see Calendar I.2*

<http://www.ucalgary.ca/pubs/calendar/current/i-2.html>

*For reappraisal of final grade, see Calendar I.3*

<http://www.ucalgary.ca/pubs/calendar/current/i-3.html>

*Statement of Intellectual Dishonesty, see Calendar K.4*

<http://www.ucalgary.ca/pubs/calendar/current/k-4.html>

*Plagiarism and Other Academic Misconduct, see Calendar K.5*

<http://www.ucalgary.ca/pubs/calendar/current/k-5.html>

**Academic Accommodations:**

Students seeking an accommodation based on disability or medical concerns should contact Student Accessibility Services; SAS will process the request and issue letters of accommodation to instructors. Students who require an accommodation in relation to their coursework based on a protected ground other than disability should communicate this need in writing to their Instructor. The full policy on Student Accommodations is available at <http://www.ucalgary.ca/policies/files/policies/student-accommodation-policy.pdf>.

**Freedom of Information and Protection of Privacy (FOIP) Act:**

Personal information is collected in accordance with FOIP. Assignments can only be returned to the student and will be accessible only to authorized faculty and staff. For more information, see <http://www.ucalgary.ca/legalservices/files/legalservices/faq-students.pdf> and [http://www.ucalgary.ca/legalservices/files/legalservices/faq-faculty\\_0.pdf](http://www.ucalgary.ca/legalservices/files/legalservices/faq-faculty_0.pdf).

**Internet and Electronic Communication Device information:**

The use of cell phones for any purpose in class is prohibited. Computers and tablets may be used for note taking only unless otherwise authorized by the instructor.

**Copyright Legislation:**

See the University of Calgary policy on Acceptable Use of Material Protected by Copyright at [www.ucalgary.ca/policies/files/policies/acceptable-use-of-material-protected-by-copyright.pdf](http://www.ucalgary.ca/policies/files/policies/acceptable-use-of-material-protected-by-copyright.pdf). Students who use material protected by copyright in violation of this policy may be disciplined under the Non-Academic Misconduct Policy.

**Important Dates:**

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|--------------------------|----------------------------|
| - September 5 (Thursday) | First Class                |
| - October 15 (Tuesday)   | <b>First Midterm Exam</b>  |
| - November 12-14         | Term Break (No Classes)    |
| - November 19 (Tuesday)  | <b>Second Midterm Exam</b> |
| - December 5 (Thursday)  | Last Class                 |

For other important dates, please check: <http://www.ucalgary.ca/pubs/calendar/current/academic-schedule.html>

**Student Organizations:**

Faculty of Arts Students' Association (F.A.S.A.):

Economics Department Representative

Office: SS 803, E-mail: [econrep@fasaucalgary.ca](mailto:econrep@fasaucalgary.ca) and Web: [www.fasaucalgary.ca](http://www.fasaucalgary.ca).

Society of Undergraduates in Economics:

<https://www.ucalgarysue.com/>.

Society of Undergraduates in Economics is a student run organization whose main purpose is to assist undergraduate economics students to succeed both academically and socially at the University of Calgary. Services include access to the exam bank, career events such as Industry Night and information sessions, mentorship programs, and social events for members. They invite you to join by contacting SUE at [societyofundergradsineconomics@gmail.com](mailto:societyofundergradsineconomics@gmail.com).

**Faculty of Arts Program Advising and Student Information Resources:**

- Have a question, but not sure where to start? The Arts Students' Centre is your information resource for everything in Arts! Drop in at SS102, call them at 403-220-3580, or email them at [artsads@ucalgary.ca](mailto:artsads@ucalgary.ca). You can also visit the Faculty of Arts website at <http://arts.ucalgary.ca/undergraduate>, which has detailed information on common academic concerns, including program planning and advice.
- For registration (add/drop/swap), paying fees and assistance with your Student Centre, contact Enrolment Services at 403-210-ROCK [7625] or visit them in the MacKimmie Library Block.

**Student Support and Resources:**

- See <https://www.ucalgary.ca/registrar/registration/course-outlines> for information on campus mental health resources, the Student Ombuds Office, Student Success Centre, Safewalk, and Emergency Evacuation and Assembly Points.
- Online writing resources are available at <https://ucalgary.ca/student-services/student-success/writing-support>.

**Notes:**

Students are responsible for all assigned material, e.g., supplementary material posted on D2L, regardless of whether or not the material was covered in class.

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2019-09-02