

Economics 359 Lec 1 (Intermediate Economic Theory - Macroeconomics II)

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Phone:	220-6101	Lecture Days/Time:	MWF 11:00–11:50
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Office:	SS 436	Tutorial Day/Time:	M 16:00–16:50
Office Hours:	F 13:00–15:00	Fall 2019	

Course Description: This course is the second part of the intermediate macroeconomic theory sequence offered at the Department of Economics. After the classic treatment of macroeconomics covered in the first part (ECON 303), this course covers more modern macroeconomic analysis with so-called *micro-foundations*; modern macroeconomics is concerned with the optimal decisions made by households and firms, as learned in microeconomics (such as ECON 301 and 357), and their systematic (equilibrium) interaction within the economy. A distinctive feature of macroeconomics, as opposed to microeconomics, is that macroeconomics focuses on *dynamic* (inter-temporal) aspects of interaction and its “macro” consequences, such as aggregate production (GDP), price and interest rate, unemployment rate, etc.

To this end, we will start by studying the long-run behaviour of macro economies, summarized in the Solow growth model, which forms the basis of most dynamic macroeconomic models. Then, we will learn how individual optimal decisions are incorporated into the modern macroeconomic analyses, using a simple two-period model. With these methodological foundations, we will explore some applications of those models to money, banking, and business cycle issues, as well as international macroeconomics.

Students are reminded that this course has a calculus prerequisite, and calculus compatible notation will be used throughout the course. In addition, the course materials assume basic (at least graphical) notion of optimization theory. Though not required, a good understanding of microeconomics at the level of ECON 301 is very useful, and we will begin with reviewing some of those materials.

Course Objectives/Learning Outcomes: Economic theory provides the structure, or framework, for economic inquiry. It consists of a collection of assumptions, analytical methodologies, and the deduction of hypotheses. As the course description suggests, this course is the first undergraduate macroeconomics course that connects micro principles with macro behaviour. Therefore, one of the major course objectives is to learn how to build a simple macro model with a micro foundation. (Honours students will further explore this connection in ECON 559 later on and learn how to build more complex models.) To this end, we will study how such a connection is made in a mathematically rigorous and careful manner. These learning outcomes will form a foundation of many modern economic analyses and provide a strong background in more applied fields, such as industrial organization, international trade, environmental economics, etc.

In addition, though mathematical modelling and analysis will be an essential tool for economics major students, it is also very important to have critical perspectives on macroeconomics as an educated citizen, especially when it comes to economic policy discussions. Therefore, another equally important objective of this course is to investigate macroeconomic theory from both practical and philosophical viewpoints. One of the most important learning outcomes is that, after successfully completing this course, students will not blindly believe what policy makers, mass media, and even economists tell them, but instead will be able to form their own critical judgement. To this end, we will learn both strengths and weaknesses of

modern macroeconomics throughout the course, and the students are expected to develop critical thinking about economic issues through the lens of modern macroeconomic theory.

Outline:

Core Topics:

1. Introduction: Economic Growth – Chapters 7-8 (2 weeks)
2. A Closed-Economy One-Period Macroeconomic Model – Chapters 4-5 (2-3 weeks)
3. A Closed-Economy Two-Period Model (with Investment) – Chapters 9-11 (2-3 weeks)
4. A Monetary Intertemporal Model and Business Cycles – Chapters 12-13 (2-3 weeks)

Applied Topics: (We will cover as much as we can, if not everything.)

5. International Macroeconomics – Chapters 16-17
6. Money, Inflation, and Banking – Chapters 14-15 and 18
7. Unemployment – Chapter 6

The allocation of weeks is based on my past experience, but is flexible depending on how quickly or slowly we cover each chapter and your active participation in class discussions.

Pre/co-requisite: ECON 303 and one of MATH 249, 251, 265, or 281.

Textbooks: I follow the contents of the following textbook fairly closely (thought with different order):

- Williamson, S.D. 2018. *Macroeconomics*: Fifth **Canadian** Edition. **(Required)**

Additional reading materials will be suggested and posted on the D2L throughout the course.

Important Dates:

- September 6 (Fri) First lecture (Do not miss this!)
- October 2 (Wed) **Midterm 1**
- November 11-15 Midterm Break (No lecture)
- November 18 (Mon) **Midterm 2**
- December 6 (Fri) Last lecture (Do not miss this!)

The first lecture is **extremely important** as I will provide essential information about how to at least survive in, hopefully succeed in, and most importantly enjoy the course.

E-mail Policy: To avoid confusion that is often created by e-mail messages, please refrain from sending an e-mail asking about course contents, lecture materials, etc., and please come to my office hours for these kinds of questions (see below). You'll be amazed how easy and satisfying it is this way!

Office Hours: My regular office hours are Friday 13:00–15:00, and I encourage you to use this opportunity. However, if you cannot make this time, feel free to write an e-mail to me to arrange a meeting.

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: Teaching assistant will hold weekly TA tutorial and office hours (Schedule TBD). TA sessions are indispensable and integral components of your course work, and the TA will go over assignments and other related end-of-chapter questions in the textbook. Students are advised to attend the weekly tutorial section to which they have been assigned.

Grade Determination and Final Examination Details: Student performance will be evaluated through one writing assignment (10%), a collection of assignments (worth 15%), two midterms (20% each), and a final exam (35%). The writing assignment will be given toward the end of the semester and will ask you to write a one-page critique of an economics news article based on what you learn in this course (details to be discussed in class). The assignments are problem-solving type questions and similar to the the end-of-chapter problems. Those are usually given after covering each chapter. The midterms and final exams will test both your mastery of the mathematical and technical aspects of theory and the expression of economic intuition and critical analysis.

To indicate the student progress throughout the semester, a letter grade that corresponds to the official grading system (<http://www.ucalgary.ca/pubs/calendar/current/f-1-1.html>) is provided to each component of your work (assignments and midterms). The final course grade is calculated by applying the weights indicated above to the grade point equivalent of each course component. That weighted average is then converted to a final letter grade according to the official grading system.

Furthermore, read the following additional and very important details carefully:

- Students must receive a passing grade on the final exam to pass the course.
- 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>
- 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. 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 QUIZZES/TESTS/EXAMS under any circumstances, nor may the quizzes/tests/exams be written early. Students unable to write the quizzes/tests/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.

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 [wwwhttp://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:

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 and Web: 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.

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.

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.
- 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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2019-09-03