

Economics 359(L01) Intermediate Economics Theory - Macroeconomics II

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		Tutorial Day/Time:	W 14:00 – 14:50
Office:	SS436		
Office Hours:	F 14:30 – 15:30 or by appointment	Fall 2021	

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 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 international trade, environmental economics, etc.

In addition, 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 make 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.

Course Outline:**Core Topics:**

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

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

5. International Macroeconomics – Chapters 15-16
6. Financial Intermediation and Banking – Chapters 18
7. Unemployment – Chapter 6

Prerequisites/corequisites: ECON 303 and one of MATH 249, 251, 265, or 281.

Textbook: I follow the contents of the following textbook fairly closely (thought in different order):

- Williamson, S.D. 2021. *Macroeconomics*: Sixth **Canadian** Edition. **(Required)**

Any other editions (either international or Canadian ones) must be used **at your own risk** as there are slight/significant differences among them. (You do not need the MyLab edition for this section.)

Important Dates:

- September 8 (Wed) First lecture (Do not miss this!)
- October 6 (Wed) **Midterm 1.**
- October 11 (Mon) Thanksgiving Holiday (No Lecture)
- November 8-12 Term Break (No Lectures)
- November 15 (Mon) **Midterm 2.**
- December 8 (Wed) 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.

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.

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!

Grade Determination and Final Examination Details: Student performance will be evaluated through one writing assignment (10%), a collection of assignments (total 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 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 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. The weighted average is then converted to a final letter grade according to the official grading system. See <http://www.ucalgary.ca/pubs/calendar/current/f-1-1.html>.

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) **may be** transferred to the final exam **at the discretion of the instructor**. However, note that this is not to automatically replace or erase your weak midterm performance or your absence from the exam, but to encourage and possibly reward your continual improvement over the course of the semester. Therefore, the student must have written the midterms 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>.

- Course material dealing with a particular assignment will typically be covered in class at least 5 days before the assignment is due; thus, assignments can be completed at any time up to and including the due date. Given these factors, only situations where someone can document illness or domestic affliction for an extended period (i.e., the entire 5 days prior to the due date) would possibly warrant shifting the assignment weight to the final exam. Furthermore, technical problems can be expected to occur with computer systems (and internet availability) so it may be a good idea to not wait until the last minute to submit your assignment.
- 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. Under no circumstance will this be accommodated by the Department. See <https://www.ucalgary.ca/pubs/calendar/current/g-6.html>.
- 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:

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>

Academic Misconduct:

Academic Misconduct refers to student behavior that compromises proper assessment of students' academic activities and includes: cheating; fabrication; falsification; plagiarism; unauthorized assistance; failure to comply with an instructor's expectations regarding conduct required of students completing academic assessments in their courses; and failure to comply with exam regulations applied by the Registrar.

Student committing academic misconduct during the final exam will not receive a passing grade for the course.

For information on the Student Academic Misconduct Policy, Procedure and Academic Integrity, please visit: <https://www.ucalgary.ca/pubs/calendar/current/k-3.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

<https://www.ucalgary.ca/legal-services/university-policies-procedures/accommodation-students-disabilities-procedure>

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 <https://www.ucalgary.ca/legal-services/access-information-privacy>

Copyright Legislation:

See the University of Calgary policy on Acceptable Use of Material Protected by Copyright at <https://www.ucalgary.ca/legal-services/university-policies-procedures/acceptable-use-material-protected-copyright-policy> Students who use material protected by copyright in violation of this policy may be disciplined under the Non-Academic Misconduct Policy.

Course materials created by instructors (including presentations and posted notes, labs, case studies, assignments and exams) remain the intellectual property of the instructor. These materials may NOT be reproduced, redistributed or copied without the explicit consent of the instructor. The posting of course materials to third party websites such as note-sharing sites without permission is prohibited. Sharing of extracts of these course materials with other students enrolled in the course at the same time may be allowed under fair dealing.

Recording of Lectures:

Recording of lectures is prohibited, except for audio recordings authorized as an accommodation by SAS or an audio recording for individual private study and only with the written permission of the instructor. Any unauthorized electronic or mechanical recording of lectures, their transcription, copying, or distribution, constitutes academic misconduct. See <https://www.ucalgary.ca/pubs/calendar/current/e-6.html>.

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
E-mail: econrep@fasaucalgary.ca
Website: 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 Tower.

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:

1. 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.
2. Read this outline, especially up to page 3, again and again. If you ask me something that can be address simply by reading this, I will most likely not respond to such questions. If you doubt about your interpretation of the information outlined here, ask me clearly as such.

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2021-08-10