

Economics 359 (L01) Intermediate Economic Theory - Macroeconomics II

Instructor:	Kunio Tsuyuhara	Lecture Location:	ZOOM Delivery
		Lecture Days/Time:	TR 11:00–12:15
Email:	kunio.tsuyuhara@ucalgary.ca	Tutorial Location:	ZOOM Delivery
Office:	NA	Tutorial Day/Time:	M 17:00–17:50
Office Hours:	M 16:00-17:00 or by appointment	W 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 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 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 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 (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

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 in different order):

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

I will continue teaching this term in such a way that fifth **Canadian** edition (either physical copy or e-book) can be used without any problem on your side. However, any other editions must be used **at your own risk**. (You do not need the MyLab edition for this section this term.)

Important Dates:

- January 12 (Tue) First lecture (Do not miss this!)
- February 11-12 (R-F) **Midterm 1:** Start at 11am on 11th and end at 11am on 12th.
- February 15-19 Midterm Break (No lectures)
- March 23-24 (T-W) **Midterm 2:** Start at 11am on 23rd and end at 11am on 24th.
- April 15 (Thu) 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.

Online Delivery: This course will be delivered online. Students are expected to be able to participate online in accordance with this Course Outline. Lectures, assignments, office hours, exams, readings and other course material, etc. all require online access and this access is the responsibility of the student.

In order to remotely participate in online courses, students will need to have: computer with a current and updated operating system (macOS or Windows will work with all university-supported online learning technologies), a current and updated web browser installed – the latest versions of Firefox, Safari, Chrome or Edge will help to avoid compatibility issues, secure and reliable internet, microphone / headphones, webcam (optional), scanner (or camera to scan your work).

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.

Lectures: Lectures will be delivered online at the Registrar scheduled times and delivered using ZOOM. The lectures will be recorded and subsequently posted to D2L.

Tutorials: Students are expected to attend “virtually” the tutorial sections to which they have been assigned. Tutorials will be offered online over ZOOM, but can involve moderated discussion boards and

curated delivery of alternative online resources. 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. Please contact me to arrange a virtual meeting over ZOOM (see below).

Office Hours: The office hours are now conducted over ZOOM. My regular office hours are Monday 16:00–17:00, and anyone can utilize this time. However, if you cannot make this time, feel free to contact me to arrange an alternative time slot. See our D2L page for more detail. By the way, I cannot enough emphasize the importance of reaching out to me as soon as you can. Virtual meeting won't replace the effectiveness and vibes of in-person conversation, but still I really encourage you to use this opportunity to talk with me directly. Please feel free to contact me even before you think you need one...

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 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.

- The midterm exams are take-home exams designed and intended to be completed in 75 minutes. The exams will be OPEN book. The exams will be available on D2L. Student will download the exam from D2L, complete the exam, scan it, and submit using Dropbox in D2L. Student will have 50% time extension to complete the exam, at a time of your choosing, within a 24-hour period (See Important Dates above).
- The final examination will be take-home, comprehensive, and scheduled by the Registrar. Students will download the exam from D2L, complete the exam, scan it, and submit using Dropbox in D2L. Student will have 50% more time to complete the exam, at a time of their choosing, within the 24-hour period that begins 24 hours before the end date of the Registrar's scheduled final exam for this course. The exam is designed and intended to be completed in two hours. The exam will be OPEN book.
- All other course components will also be accessed, submitted, and returned through D2L.
- 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 <https://www.ucalgary.ca/pubs/calendar/current/g-6.html>. Under no circumstance will this be accommodated by the Department.
- Tests and exams WILL NOT involve multiple choice questions or fill-in-blank questions.
- 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>

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 on the course.

For information on the Student Academic Misconduct Policy and Procedure please visit:

<https://ucalgary.ca/policies/files/policies/student-academic-misconduct-policy.pdf>

<https://ucalgary.ca/policies/files/policies/student-academic-misconduct-procedure.pdf>

Additional information is available on the Academic Integrity Website at <https://ucalgary.ca/student-services/student-success/learning/academic-integrity>.

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.

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. 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
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:

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.

KT

2020-12-15