

THE UNIVERSITY OF PRINCE EDWARD ISLAND
DEPARTMENT OF ECONOMICS
ECONOMICS 404
Macroeconomics
FALL 2012

Course Instructor: George Jia
Class Room and Time: 2 hours block of time mutually agreed among participants
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Office Hour: W 3:00-4:00pm

General Information

This course examines recent developments and controversies in macroeconomic theory concerning the macro dynamics of unemployment, inflation, and money. The emphasis is on substantive disagreements among Monetarist and New Classical economists concerning the effectiveness of macroeconomic policy to affect unemployment and inflation rates.

An objective of this course is to further your ability to apply your knowledge of economics (particularly macroeconomics theory) to analyze economic questions. Additionally, the course is intended to encourage you to develop the ability to clearly and concisely communicate your analysis to others.

Required Text and Outline

The required text for this course is: ***Williamson, Stephen D. Macroeconomics, 3rd Canadian edition, Addison Wesley.*** Topics covered will somewhat follow the above text¹:

1. Review: Two-period model [Ch 8]
2. Real Intertemporal Model [Ch 9]
3. Real Business Cycles
 - A Monetary Intertemporal Model [Ch 10]
 - Market Clearing Models of Business Cycle [Ch 11]
4. Banking, Unemployment and Inflation
 - Basics [Ch 15]
 - Model of Search and Efficiency Wages [Ch 16]
 - Philips Curve and the Central Bank Commitment [Ch 17]

¹This is a tentative outline and content may be adjusted based on time constraints. Some material covered in class will not appear in the text, but may still appear on exams.

Course Evaluation

Evaluation consists of (best two out of) three take-home assignments, two in-class midterms and one final exam (cumulative). Only the two best assignments out of three will be counted towards your final grade. You are responsible for all material covered in the lecture, as well as the material in the assigned chapters of the text. You are strongly encouraged to read the assigned chapters in the textbook prior to the lecture at which it is to be discussed. While class attendance is not compulsory, it is to your benefit to attend the lectures.

Assignments: Assignments are due in class at the end of the lecture on the due date. No late assignments will be accepted. If you are unable to attend class on a day when an assignment is due, you should make arrangements to submit the homework prior to the due date. Exceptions will be made to this rule only if you can provide documentation of unusual circumstances (i.e. illness) which prevented you from submitting the assignment on time. In such a case, you should contact your instructor within 2 working days of the due date to make alternative arrangements. Your homework score will be based upon your four highest homework grades. This means that if you fail to hand in one assignment it will not directly affect your grade.

Each student is expected to do his or her own work on assignments. Although you are encouraged to discuss the problems and their solutions with classmates, you must write up your answers independently. This means that you must type your own version of the assignments. Students who hand in identical homeworks will receive a grade of zero on the assignment.

Exams: The midterm and final exams will primarily consist of short answer problems. Please note that class notes, textbooks, friends or any outside aids are not allowed during the writing of the midterms. Use of any of these sources will be treated as a scholastic offence and reported to the Department Chair. The instructor will recommend a grade of zero on the midterm, but the penalty could be higher. All materials (other than pens, pencils and erasers) which you bring with you to the exam must be stored in a closed bag during the midterm exam. If you do not have a bag to put these materials in, then you must leave these materials at the front of the room while you write the exam.

The final exam will be cumulative; that is, it will cover all of the material covered during the course. However, most of the questions on the final will be based on material covered after the midterm exams. The final exam will be held during the time scheduled by the university. You are not permitted to consult classmates or other individuals when writing your final exam.

In case a student misses a midterm due to sickness or other legitimate excuse, the weight of that test may be added to the other exams only if the student submit a request for accommodation to the department.

Questions about Grades: If you have any questions about the grading of a homework, midterm or final exam, you may resubmit it to your instructor for re-grading. Please attach a written note detailing the problem(s) which you would like re-graded, as well as explaining why you feel the grade should be changed. The entire homework (or midterm or final) will be re-graded, so it is possible that your score may go up or down.

Moodle: A Moodle site has been established for this class. Copies of materials handed out in class, brief summaries of the material covered in some lectures will be posted on Moodle and the study guides for the midterm and final exams will be available for interested students to download. These materials will not be distributed in any other form.

Electronic Devices: The only electronic device you may use during exams is a non-graphing, non-programmable calculator. Graphing/programmable calculators, cell phones, Ipods, etc. must be kept in your bag. If you have any of these devices out during an exam it will be taken from you and will be returned once you have handed-in the exam.

Academic dishonesty: Academic dishonesty are taken seriously and students are directed to read the appropriate policy, specifically, the definition of what constitutes a academic dishonesty, at the following Web site: <http://www.upei.ca/registrar/reg20>