

THE UNIVERSITY OF WESTERN ONTARIO
DEPARTMENT OF ECONOMICS
ECONOMICS 2221B - 001/002
INTERMEDIATE MACROECONOMIC II
Winter 2010

Course Instructor: Karen Kopecky & George Jia
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Office Hour: M 14:30-15:30 & W 12:30-13:30 (Karen); MW 14:30-15:30 (George)
Section 001: M,F 9:30-10:30 location: KB K203; W 9:30-10:30 location: NS 7
Section 002: M,W,F 15:30-16:30 location: WL 258
Course Website: <http://economics.uwo.ca/undergraduate/2221B001002/>

Registration

You are responsible for ensuring you are registered in the correct courses. If you are not registered in a course, the Department will not release any of your marks until your registration is corrected. You may check your courses on the Registrars Office website at www.registrar.uwo.ca (choose personal timetable). If you notice a problem, please contact your faculty academic advisor right away.

Please note that January 12 is the last day to add a first-term half course.

Prerequisite Note

The prerequisite for this course is Economics 2220A/B. The antirequisite is Economics 2153A/B. You are responsible for ensuring that you have successfully completed all course prerequisites, and that you have not taken an antirequisite course. Lack of prerequisites may not be used as a basis for appeal. If you are found to be ineligible for a course, you may be removed from it at any time and you will receive no adjustment to your fees. This decision cannot be appealed.

If you find that you do not have the course prerequisites, it is in your best interest to drop the course well before the end of the add/drop period (January 15). Your prompt attention to this matter will not only help protect your academic record, but will ensure that spaces become available for students who require the course in question for graduation.

Required Text and Outline

The required text for this course is:

Williamson, Stephen D. Macroeconomics, 2nd Canadian edition, Addison Wesley. (A text and study guide package is available at the bookstore.)
Topics covered will somewhat follow the above text¹:

1. DYNAMIC MODELS

- A two-period model: the consumption saving decision and the financial market [Ch 8]
- The determination of the equilibrium interest rate [Ch 8]
- Government and public debt: the Ricardian equivalence [Ch 8]
- Social Security [Ch 8]
- Credit market imperfections [Ch 8]
- Growth and savings [Ch 8]
- An equilibrium model with investment [Ch 9]

2. LABOR SUPPLY AND TAXES

- Prescott (Why do Americans work so much compared to (continental) Europe?)
- Rogerson (Is Scandinavia an outlier?)

3. BUSINESS CYCLES

- Real business cycle theory [Ch 11]
- Other explanations [Chs 11 and 12]

4. The commitment problem in monetary policy

- Inflation, the Phillips Curve
- Central bank commitment, time-consistency [Ch 17]

5. International trade and finance

- A two-good model of a static small open economy [Ch 13]
- A two-period model of a dynamic small open economy [Ch 13]
- Current account and the twin deficit [Ch 13]

6. Exchange rate

- Exchange rate and purchasing power parity [Ch 14]

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.

- Flexible and fixed exchange rates [Ch 14]
- Monetary small open economy model under different exchange rate regimes [Ch 14]

7. Money, Inflation and Banking (maybe)

- What is money? Why use money? [Ch 15]
- Long-run inflation, Money Growth and Real Growth [Ch 15]
- Banking: financial intermediation, the Diamond-Dybvig model and bank failure [Ch 15]

Course Evaluation

Evaluation consists of two midterms and one final exam. Locations for the exams, and a date for the final exam will be announced during lectures and on the course website.

	tentative date and time	weight
Assignments	Total of 4	20%
Midterm	Feb 23	40%
Final	April	40%

The midterm exam will be 3 hours long. The final exam will be 3 hours long. In case a student misses a midterm due to sickness or other acceptable excuse the student must present an official document justifying the absence. In case of lack of justification for the absence a grade of zero will be attributed.

You are responsible for all content covered in the lectures and in the assigned chapters of the textbook. Some chapter content may not be covered in lectures and some lecture content may not be in the textbook.

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 Offences: Scholastic offences are taken seriously and students are directed to read the appropriate policy, specifically, the definition of what constitutes a Scholastic Offence, at the following Web site:

<http://www.uwo.ca/univsec/handbook/appeals/scholoff.pdf>

Questions about Grades: If you have any questions about the 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.