

**THE UNIVERSITY OF WESTERN ONTARIO**  
**DEPARTMENT OF ECONOMICS**  
**ECONOMICS 2220A - 001/002**  
**INTERMEDIATE MACROECONOMIC I**  
**FALL 2009**

Course Instructor: George Jia  
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Office Hour: M,W 11:00-12:30; TH 14:30-15:30  
Section 001: M,W,F 9:30-10:30 location: KB K106  
Section 002: M,W,F 15:30-16:30 location: WL 258  
Course Website: <http://economics.uwo.ca/undergraduate/2220A001002/>

## **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](http://www.registrar.uwo.ca) (choose personal timetable). If you notice a problem, please contact your faculty academic advisor right away.

Please note that September 18 is the last day to add a first-term half course.

## **Prerequisite Note**

The prerequisite for this course is Economics 1021A/B and 1022A/B or Economics 1020. The antirequisite is Economics 2152A/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 (September 18). 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.

## **General Information**

The goal of this course is to provide an introduction to macroeconomics, its objectives and its tools. The questions we will discuss are: how do people decide to consume

and invest? how do they decide to supply labor? how do these decisions affect the economy at the aggregate level? why is there growth? why are there such large income differences across countries? what are the determinants of interest rates and wage rates? etc... These questions are difficult. To address them in a systematic way, we will make the hypothesis that agents make rational decisions and that markets are in equilibrium. Put together, these assumptions provide a powerful framework to understand the actual economy.

## 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 text<sup>1</sup>:

### 1. Introduction

- Intro and Measurements [Ch 1 & 2]
- Business Cycles [Ch 3]

### 2. Static Models

- Consumers: Preferences, budget constraint and optimal labor supply [Ch 4]
- Firms: Technology, profit maximization and optimal labor demand [Ch 4]
- Governments: Spending and taxes [Ch 5]
- Equilibrium [Ch 5]

### 3. Economic Growth

- The Malthusian model of growth [Ch 6]
- The Solow model of growth [Ch 6]
- Human Capital as engine of growth [Ch 7]

### 4. Dynamic Models

- A two-period model: The consumption saving decision and the financial market [Ch 8]
- International economy [Ch 8]

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<sup>1</sup>This 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.

- The determination of the equilibrium interest rate [Ch 8]
- Government and public debt: The Richardian equivalence [Ch 8]
- Social securities [Ch 8]

## 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
Midterm 1	Th, October 8th	25%
Midterm 2	Th, November 12th	25%
Final	December	50%

**Each of the two midterm exams will be 1.5 hours long. The final exam will be 3 hours long. All the tests are cumulative (with emphasis on the material covered since the last examination). There will be no make-up midterm tests.** In case a student misses a midterm due to sickness or other acceptable excuse the student must present an official document justifying the absence and the weight of that test will be added to the one of the final exam. 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.