

Department of Economics
University of Toronto
ECO208Y1Y – LEC0101
Macroeconomic Theory
2011-12
Professor Diego Restuccia

Lectures: T10-12 (Location UC161)
Tutorials: F12-1pm (Location UC161)

TA: Helene Desgagnes, helene.desgagnes@utoronto.ca

Course Description: ECO208 is an intermediate-level course in macroeconomics. The course develops a unified framework that is based on micro-foundations to study macroeconomic events and policy. Topics include: (a) measurement of output, prices, and business cycles, (b) economic growth, (c) analysis of fiscal and monetary policy, (d) business cycles, (e) international trade and exchange rates, (f) unemployment. Data from the Canadian, U.S. and a number of other economies will be used throughout the course.

Textbook: The required textbook for this course is Macroeconomics by Stephen Williamson, Third Canadian Edition (hereafter W). This is an excellent text in macroeconomics and we will follow it closely. There is also a study guide which is recommended but not required. Recommended readings will be announced and posted throughout the course.

Grading and Exam Policy: The course grade consists of term work worth 60% and a final exam worth 40%. Class participation is encouraged and will count positively towards marginal adjustments to the final course grade. No other work will be counted towards the grade. Term work includes three term tests. As an insurance policy, only the best two marks will be counted towards the term grade. There will be NO make-up for term tests. This implies for example that a student who takes one exam and fails to take the other two will receive zero as one of the marks, i.e. 0 for 30% of the final grade. Under no circumstances term weight will be shifted to the final exam. Term tests will be given during class time on October 18, December 6, and February 28. The location for these exams will be EX310. More details on the exams will be given during the course of the lectures.

Web Site: Announcements, lecture notes, suggested problems, and any other class-related material will be posted on Blackboard.

Suggested sample problems will be assigned for each topic but will not be graded. Friday time allocation may be occasionally used for lectures and by the Teaching Assistant (TA) for discussion of problems and solutions. These tutorials will be announced in advance in class and on Blackboard. The TA will hold regular office hours during the Friday time allocation whenever there is no

Tutorial. Students enrolled in this course will be able to use the Economics Study Centre. See the Department of Economics' web page for details.

Outline:

- 1) Introduction (W, Chapter 1)
- 2) Measurement (W, Chapter 2)
- 3) Business-Cycle Measurement (W, Chapter 3)
- 4) Consumer and Firm Behavior (W, Chapter 4)
- 5) A Closed-Economy One-Period Model (W, Chapter 5)
- 6) Economic Growth (W, Chapter 6 and class notes)
- 7) A Two-Period Model (W, Chapter 8)
- 8) A Real Inter-temporal Model with Investment (W, Chapter 9)
- 9) A Monetary Model (W, Chapter 10)
- 10) International Trade in Goods and Assets (W, Chapter 13)
- 11) International Finance (W, Chapter 14)
- 12) Unemployment (W, Chapter 16 and class notes)

Note that the material in some chapters will be complemented with parts of the Mathematical Appendix from the textbook and from additional notes. A full set of lectures will be provided as the class progresses.

Contact Information:

Phone (416) 978-5114, e-mail: diego.restuccia@utoronto.ca.

Office: 201, Max Gluskin House, 150 St. George Street

Office Hours: Tuesday 12-1pm

E-mail Policy: The best form of communication in this course is in person, either with me or the TA during lecture, tutorials, and office hours. In the event that an e-mail communication is needed, please make sure to always identify yourself and to use your UTOR e-mail account (the "utoronto" account). E-mails from other accounts may not reach my INBOX.

Some Relevant Dates:

- Oct 11 – Class and review session
- Oct 18 – First term exam
- Nov 8 – Fall break, no class
- Nov 29 – Class and review session
- Dec 6 – Second term exam
- Feb 14 – Class and review session
- Feb 21 – no class, reading week
- Feb 28 – Third term exam
- Apr 3 – Last class and review session
- Apr 11 to Apr 30 – Final exam period