Department of Economics University of Toronto ECO208Y1Y – L5101 Macroeconomic Theory 2011-12

Instructor: Pedro Bento

Lectures: Monday 6-8pm (LM161) Tutorials: Monday 8-9pm (LM161)

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 Canada, the 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. This is an excellent text in macroeconomics and we will follow it closely. There is also a study guide available 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 two 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 will term weight be shifted to the final exam. Term tests will be given during class time on October 17, December 5, and February 27. The location for these exams will be announced later during the course of the class.

Web Site: Announcements, lecture slides, 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. The last hour of scheduled lecture time (8-9pm) may be used occasionally 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 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 (Chapter 1)
- 2) Measurement (Chapter 2)
- 3) Business-Cycle Measurement (Chapter 3)
- 4) Consumer and Firm Behaviour (Chapter 4)
- 5) Closed-Economy One-Period Model (Chapter 5)
- 6) Economic Growth (Chapter 6)
- 7) Two-Period Model (Chapter 8)
- 8) Real Intertemporal Model with Investment (Chapter 9)
- 9) Monetary Model (Chapter 10)
- 10) International Trade in Goods and Assets (Chapter 13)
- 11) International Finance (Chapter 14)
- 12) Unemployment (Chapter 16)

Note the material in some chapters will be complimented with parts of the Mathematical Appendix in the text and additional notes. A full set of lecture slides will be provided on Blackboard.

Prerequisites: Students are responsible for ensuring any prerequisites for this course have been fulfilled. Prerequisites must be completed *before* taking a course. By taking this course you acknowledge that you can be removed from the course at anytime if you do not meet all requirements. For further information, please consult the 2011-2012 Course Calendar available from the Registrar's Office.

Contact Information:

Instructor:	Pedro Bento Office: GE 70, Max Gluskin	pedro.bento@utoronto.ca House, 150 St. George St.
TA:	Ashantha Ranasinghe Office: GE 330, Max Gluskin	a.ranasinghe@utoronto.ca h House, 150 St. George St.
Instructor Off	ice Hours: Mondays 4-5	pm

Instructor Office Hours:	Mondays 4-5 pm
TA Office Hours:	Thursdays 10-11 am during weeks without tutorials

Some Relevant Dates:

Sep 12 – first class Oct 10 – Thanksgiving, no class Oct 14 – review session, 1-2pm (Location TBA) Oct 17 – first term exam Nov 7 – Fall break, no class Nov 28 – class and review session Dec 5 – second term exam Feb 13 – class and review session Feb 20 – no class, reading week Feb 27 – third term exam Apr 2 – last class and review session Apr 11 to Apr 30 – final exam period