

Department of Economics
University of Toronto
ECO208Y1Y – L5101
Macroeconomic Theory
Fall/Winter 2012-13

Instructor: Pedro Bento

Lectures: Monday 6-8pm (LM 161)

Tutorials: Monday 8-9pm (LM 161)

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 29, December 5, and March 5, at locations to be announced in class and on Portal. Students wishing to have a term test re-graded must submit a re-grade form, which is posted on Portal along with the re-grade policy for this course.

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

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 Portal. The TA will hold regular office hours to address questions about tutorial material (all other questions should be directed to the instructor). 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 Portal.

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 2012-2013 Course Calendar available from the Registrar's Office.

Contact Information:

Instructor: Pedro Bento
pedro.bento@utoronto.ca
Office: GE70, Max Gluskin House, 150 St. George St.

Teaching Assistant: Nicolas Gendron-Carrier
nicolas.gendron.carrier@mail.utoronto.ca
Office: GE 40, Max Gluskin House, 150 St. George St.

Office Hours: Mondays 1-2 pm

TA Office Hours: Thursdays 4-5 pm