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Department of Economics  
University of Toronto  
ECO202Y1Y — LEC0101  
Macroeconomic Theory and Policy  
2013–2014

## Syllabus

Lectures: Tuesdays, 10am–12pm, in EM 001

Tutorials: Fridays, 11am–12pm, in EM 001

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Office hours: 2–4pm on Tuesdays or by appointment

Teaching assistants:

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**Course Description:** ECO202 is an intermediate-level course in macroeconomics. Topics include: measurement of macroeconomic aggregates, short- and medium-term economic fluctuations, economic growth, international trade and exchange rates, analysis of fiscal and monetary policy, and the role of expectations in macroeconomic analysis.

**Textbook:** The textbook for this course is *Macroeconomics*, by Olivier Blanchard and David Johnson, Fourth Canadian Edition (I will often refer to it as “Blanchard”). We will follow the text closely, although I will at times introduce supplemental material. **Note: Do NOT buy the brand-new fifth edition!**

**Grading and exam policy:** The course grade consists of term work worth 51% and a final exam worth 49%. Class participation is encouraged and I reserve the right to use class participation performance to make minor adjustments to your final course grade. Term work consists of 3 term tests. **There will be NO makeup tests!** If you miss one term test, the weight for that test will be shifted to the final exam. You must submit documentation of your excuse for missing the test within one week of the test date. You must use the official UofT “Verification of Student Illness or Injury” form available here: <http://www.illnessverification.utoronto.ca/>. **Any additional missed term tests will receive a score of zero, regardless of the reason!**

For re-grading term tests, you must submit your test materials and a detailed description of your complaint **within 2 weeks** of receiving your test grade. No re-grade requests will be accepted after 2 weeks. **Note: your entire test will be re-graded, and your test score may go up or down!**

***Schedule of term tests and final exam:***

<b>Test</b>	<b>Date</b>	<b>Time / location</b>	<b>Weight in course grade</b>
1st term test	10/22/2013	10am–12pm / EX 200	17%
2nd term test	12/3/2013	10am–12pm / EX 100	17%
3rd term test	2/25/2014	10am–12pm / EX 200	17%
Final exam	TBD	TBD	49%

***Lectures, tutorials, and other course structure items:*** Lectures will typically cover new material from the textbook and supplementary sources. Tutorials on Friday will be usually led by the TAs, who will discuss solutions to recommended problems and term test questions, and answer your questions about material covered in the lectures. I reserve the right to use the tutorial time to cover additional lecture material if necessary.

I will post recommended problem sets, announcements, and other materials on Blackboard. It is your responsibility to check Blackboard often. Lecture notes posted on Blackboard will be incomplete, so you must attend lectures to obtain the necessary information to complete them. Notes will not be posted until after the relevant lecture. Recommended problem sets will not be graded, but I highly suggest that you do them as they are an excellent way to prepare for the term tests and final exam. The TAs will provide solutions to example problems during the tutorials. I encourage you to discuss the problems with each other through the discussion board on Blackboard.

***Important dates:***

<b>Date</b>	<b>Description</b>
<i>Fall semester</i>	
9/10/2013	First day of class
10/18/2013	Review session during Friday tutorial
10/22/2013	First term test
11/12/2013	<b>No class</b> (fall break)
11/29/2013	Review session during Friday tutorial
12/3/2013	Second term test, last day of class for the semester
<i>Spring semester</i>	
1/7/2014	First class after winter break
2/17/2014	Last day to drop
2/18/2014	<b>No class</b> (reading week)
2/25/2014	Third term test
4/1/2014	Last lecture
4/4/2014	Review session during Friday tutorial
4/9/2014–4/30/2014	Final exam period

**Email policy:** The best form of communication in this course is in person, either with me or with a TA, during or after lectures, tutorials, or during office hours. If you must contact me or one of the TAs by email, make sure to identify yourself and use your UTOR email account. Email from other addresses may not reach us. Also, please put “ECO202” somewhere in the subject line. I and my TAs reserve the right to respond to emails anytime within 48 hours after receiving them. Do not expect a response before those 48 hours are up.

**Course outline:**

<b>Topic</b>	<b>Chapter(s)</b>	<b>Description</b>
Introduction	1–2	Review of basic macroeconomic concepts: GDP, inflation, unemployment, etc.
The short run	3–5	Equilibrium in goods and financial markets, the IS-LM model
	6–7	Goods and financial markets in open economies
	8	Interest rates and exchange rates in open economies
The medium run	9–10	Labor markets, unemployment, and aggregate supply
	11–12	Inflation, unemployment, and the Philips curve
	13	Exchange rates in the medium run: flexible vs. fixed; the Eurozone; exchange rate crises
The long run	14	Stylized growth facts
	15–16	Saving and investment-fueled growth; technological progress
	17	Growth in open economies
Expectations	18	Introduction to expectations
	19	The role of expectations in financial markets
	20	The role of expectations for consumption decisions; permanent-income logic

**Note: Actual pace and content of course may differ from above!**