

Department of Economics
University of Toronto
ECO208Y1Y – L0101
Macroeconomic Theory
Summer 2013

Instructors: Pedro Bento and H el ene Desgagn es

Class: Tuesdays, Wednesdays, and Thursdays 4-6 pm SS 2102

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: 65% of the course grade is from term work, and 35% from a final exam. Class participation is encouraged and will count positively towards marginal adjustments to the final course grade. Term work includes three term tests and a short written assignment. The written assignment will count towards 5% of the course grade, and the term tests 60%. As an insurance policy, only the best two marks of the three term tests 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 test and fails to take the other two will receive zero as one of the marks (ie, 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 or during the scheduled exam period in June. The date and location for these tests will be announced later during the course of the class. Students wishing to have a term test re-graded must submit a re-grade form, which is posted on Blackboard along with the re-grade policy for this course.

The written assignment will be due August 1st at 6 pm, with late penalty of 10% per business day (ie, -10% if submitted August 2nd before 6 pm, -20% if submitted August 5th before 6 pm). Building on the material covered in the course, you will be asked to put yourself in the shoes of an analyst and address a specific issue (you will be given two options). Your analysis should be ***no longer than 1 page (recto-verso) including graphics and tables***. Details will be given in class on July 24th.

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. Some class time will be reserved for tutorials held 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 not hold office hours, so any 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 15)
- 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 set of lecture slides will be provided online.

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 Course Calendar available from the Registrar's Office.

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