

University of Toronto, Economics Department, Academic Year 2015-16

Macroeconomics Theory and Policy: ECO202Y1, Section L5101

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Office Hours: Mondays 12:00-2:00PM, Tuesdays 4:00-5:30pm, Room GE344 (will be revised for winter 2016, check the website)

Tutorials and Lectures: The third hour of each session (8 to 9pm slot) will be used for tutorials **AND** lectures. Please consult with the website to check which weeks the third hour is used for lecture and which ones for tutorial. The TAs may run extra tutorials during or outside the 8 to 9pm time slots about writing assignments, if necessary.

Course Description:

This course studies the behavior of economies in aggregate level. This is including macroeconomic behavior of economic variables in short run, i.e. economic fluctuations and business cycles, as well as the medium and long run adjustments and trends, and of course economic expansion. In each case, first closed economies are studied, and then we extend our models and knowledge to open economies. Moreover, we will use our models in order to analyze the impacts of shocks, expectations, and government policies.

Exclusions: ECO208Y1/209Y1

Prerequisites: ECO100Y1 (67%)/ECO105Y1 (80%);

MAT133Y1/(MAT123H1, MAT124H1)/(MAT135H1, MAT136H1)/MAT137Y1/MAT157Y1

Prerequisites are strictly checked and enforced and must be completed before taking a course. By taking this course you acknowledge that you will be removed from the course at any time, if you do not meet all the requirements set by the Department of Economics. For further information you can consult the 2015-2016 Courses Calendar, which is available from the Registrar's Office.

Textbook:

Olivier Blanchard, David Johnson, Macroeconomics, Fifth Canadian Edition (2015).

You can use the older Canadian edition of the book at your own risk. You need to be careful about the differences in terms of materials, assignments and their solutions.

Evaluations:

| Evaluation | Weight | Date | Time |
|----------------------|--------|----------------|-----------------------------------|
| First Term Test | 15% | Oct. 20, 2015 | Within 8:00-10:00PM period |
| Second Term Test | 15% | Dec. 8, 2015 | Within 7:00-9:00PM period |
| Writing Assignment#1 | 5% | Jan. 24, 2016 | Before 6:00PM, Sharp |
| Third Term Test | 15% | March 8, 2016 | Within 7:00-9:00PM period |
| Writing Assignment#2 | 5% | March 20, 2016 | Before 6:00PM, Sharp |
| Final Exam | 45% | TBD | TBD |

- There will be three term tests, scheduled as in above. There will be **no** make-up test. If for emergency circumstances, acceptable by the university rules, you miss a term test, the weight will be shifted to the final exam. In case of missing a test, you should inform me by email within two days from the test, and submit the **hardcopy** of your documentations within a week of the missed test to me, or the economics department front desk. Please do not send the scan of the documents by email.

If you miss more than a term test, one will be replaced by the final exam, and the rest will receive ZERO under ANY circumstances.

- The details of the writing assignments will be announced later on. I may decide to check your assignments by Turnitin. The deadlines for writing assignments will not be extended. No excuse like network failure or system interruption ... is acceptable. If you miss the writing assignments, they cannot be substituted by anything else.

Website and Email:

- I will post the details of the writing assignments, tests, problem sets, solutions, announcements, and other related materials on Blackboard. It is your responsibility to follow up and get the information.

- Notes posted on the website may not be complete. They will be completed in class. The complete version will **NOT** be available. If you are expected to miss a class, please make arrangements with your classmates to complete your notes.

- You must use your UofT email address to communicate with me. Emails are used only as the last resort, and after checking the outline and website. I may address your issues sent by email in class, instead of replying by email. For questions regarding the course materials you should talk to me or TA during the office hours. In case of email, you should put your **last name and student ID# in the subject line, otherwise your email will not be read.**

Appeals:

For re-grading your term tests, you should submit your test papers and a written request on a separate paper with your detailed reasons to me or the Economics Department, within 2 weeks of distributing your papers in class. After this period, no request is accepted. Do not change or write on your test paper. Writing things like **“I believe I should receive more partial marks for this question”** is not a good basis for re-grading. Your grade can go either way, up or down after re-grading.

Behavior and Conduct in Class:

No distraction in class will be tolerated. You are asked to leave the class if you distract the class by talking to others, or use of electronic devices like cell phone, iPod, or any other devices.

Academic Integrity:

- Students should note that any form of academic misconduct will not be tolerated. Any student caught engaging in such activities will be subject to academic discipline ranging from a mark of zero on a test or examination to dismissal from the university as outlined in the academic handbook. Any student abetting or otherwise assisting in such misconduct will also be subject to academic penalties. All suspected cases will be reported to the Department of Economics and OSAI. Please consult with the university's *Code of Behavior on Academic Matters*:

(<http://www.governingcouncil.utoronto.ca/policies/behaveac.htm>).

- In order to avoid plagiarism, your assignments must be submitted to Turnitin.com. You can find the details about what plagiarism is and how to avoid it, check this link:

<http://www.utoronto.ca/academicintegrity>.

- The usual University of Toronto disclaimer on Turnitin.com is applied: “Normally, students will be required to submit their course essays to Turnitin.com for a review of textual similarity and detection of possible plagiarism. In doing so, students will allow their essays to be included as source documents in the Turnitin.com reference database, where they will be used solely for the purpose of detecting plagiarism. The terms that apply to the University's use of the Turnitin.com service are described on the Turnitin.com web site.”

Academic Aids and Support:

- **The Economics Study Center** is staffed by third- and fourth-year undergraduate students who work as peer mentors and can help you with this and many other courses, on a one-to-one basis or in study groups. Please consult with the Center's website for place, operation times, and other details: <http://www.economics.utoronto.ca/index.php/index/undergraduate/load/studyCentre>

- In order to receive helpful information for your writing assignments, you can use the services of several Writing Centers at the University of Toronto. A list of these Writing Centers can be found at <http://www.writing.utoronto.ca/writing-centres/centres>.

For more general advice on academic essay-writing, please refer to: <http://www.writing.utoronto.ca/advice/general/general-advice>.

Other Issues:

- I will follow the textbook very closely, but supplementary examples, graphs, and materials might be discussed in class. For the tests and exam, you are responsible for all the materials that are discussed in class.

- There will be marginal grade adjustments for the final grade of the course at the instructor's discretion. In case of petition for re-grading of the final exam, the adjustment may be revised.

Topics:

The tentative schedule of the course Actual pace and coverage of the materials might be different

| Topic | Chapter | Week | Materials |
|------------------------------------|----------------|-------------|---|
| Introduction | 2 | 1 - 2 | Macroeconomic Data and Approach |
| Economies in Short Run | 3 - 4 | 3 - 4 | Goods and Financial Markets in Closed Economies |
| | 4 - 5 | 4 - 5 | Equilibrium in Goods and Financial Markets (IS and LM Curves) |
| | 5 - 6 | 6 - 7 | Goods and Financial Markets in Closed Economies |
| | 7 - 8 | 8 - 10 | Equilibrium in Goods and Financial Markets in Open Economies |
| Economies in Medium Run | 9 - 10 | 11 - 13 | Labor Market, Unemployment, Aggregate Demand and Supply |
| | 11 | 14 | Aggregate Demand and Supply under Liquidity Trap |
| | 12 - 13 | 15 - 16 | Phillips Curve, Money Growth, Inflation, and NAIRU |
| | 14 | 17 | Exchange Rate, Adjustments, Crises, Regimes, Credibility |
| Economies in Long Run | 15 - 16 | 18 - 20 | Economic Growth: Stylized Facts, Saving, Capital Accumulation, and Output Growth. |
| | 17 | 21 | Technological Progress, and Economic Growth |
| Expectations and Economic Policies | 19 & 21 | 22 - 24 | Expectations, Real Interest Rate, Consumption, and Investment |