

Department of Economics
University of Toronto
ECO208Y1Y - L0101
Macroeconomic Theory
Summer 2016

Lectures: WR4-6pm (Location: GB120)

Tutorials: T4-6pm (Location: GB120) (*Note: The day of the tutorial may occasionally change*)

Instructors: H el ene Desgagn es and Christine Tewfik

Contact: helene.desgagnes@utoronto.ca; christine.tewfik@mail.utoronto.ca; Room GE277, Max Gluskin House, 150 St. George St.

Office Hours: Wednesday 2:30-3:30 and/or by appointment.

Teaching Assistant: Chaoran Chen (chaoran.chen@mail.utoronto.ca)

Course Description: ECO208Y1Y is a rigorous intermediate-level course in macroeconomics and is primarily intended for students in Economic Specialist programs and/or students considering graduate studies in economics. Throughout the course, you will (i-) learn the micro-foundations in macroeconomic modelling, (ii-) use optimization theory to predict the actions of economic agents, (iii-) apply definition of equilibrium, and (vi-) analyze the impact of various shocks such as a new tax, or a technological improvement. Topics covered in the course include consumer's and firm's decision-making, the role of money, international trade, international finance, business cycles and economic growth.

Prerequisites: (From the 2015-2016 Course Calendar) ECO100Y1; MAT133Y1/(MAT123H1, MAT124H1)/(MAT135H1, MAT136H1)/MAT137Y1/MAT157Y1.

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.

Textbook: The course is mostly based on the textbook *Macroeconomics* by Stephen D. Williamson, Fourth Canadian Edition. The textbook is available at the UofT Bookstore (214 College Street).

Grading and Exam Policy: 65% of the course grade will be from term work, and 35% from a final exam.

Term work includes three term tests and 2 assignments. The term tests will count toward 50% of the course grade. *Only the best two marks of the three term tests will be counted toward the term grade.* There will be **no make-up for term tests**. This implies that a student who did not take one (or more) of the tests will receive zero as the mark for this test. Under no circumstances will term weight be shifted to the final exam. Students wishing to have a term test or assignment re-graded must submit a re-grade form within two weeks of receiving the grade. The re-grade form is available on Blackboard.

The assignments will count toward 15% of the course grade (the first assignment will be worth 5% and the second assignment will be worth 10%). Building on the material covered in the course, you will be asked to analyze an economic issue. Details will be given in class. You are encouraged to use all the resources for writing support at the University of Toronto. The assignments will be due in class with a late penalty of 10% per business day. If a student fails to submit the assignment without proper documentation, he or she will receive zero as the mark for this assignment. Only the University of Toronto's official "Verification of Student Illness or Injury" form will be accepted (available on Blackboard).

Website: We will be using Portal/Blackboard to post announcements, problem sets, and other useful information. Please make sure you have access to the Blackboard page for the course.

Tutorials: The teaching assistant, Chaoran, will go over the problem sets in tutorials. Please note that solutions to the problem sets **will not** be posted. If you miss a tutorial, it is your responsibility to obtain the notes from one of your classmates.

Email policy: Feel free to email us with any question or concern you may have. We will do our best to get back to you within 48 hours. Please make sure to send the email from your University of Toronto email account. For questions related to the material covered in tutorials, please contact Chaoran directly.

Audio recording/Pictures: If you want to record the lectures or take pictures of the board, you must first obtain our authorization.

Accessibility: The University of Toronto provides academic accommodations for students with disabilities in accordance with the terms of the Ontario Human Rights Code. Students who require accommodations for a disability, or have any accessibility concerns about the course should feel free to approach me and/or the Accessibility Services Office (www.accessibility.utoronto.ca) as soon as possible.

Academic Integrity: Academic integrity is essential to the pursuit of learning and scholarship in a university, and to ensuring that a degree from the University of Toronto is a strong signal of each student's individual academic achievement. As a result, the University treats cases of cheating and plagiarism very seriously. The University of Toronto's Code of Behaviour on Academic Matters (www.governingcouncil.utoronto.ca/policies/behaveac.htm) outlines the behaviours that constitute academic dishonesty and the processes for addressing academic offences. All suspected cases of academic dishonesty will be investigated following procedures outlined in the Code of Behaviour on Academic Matters.

Course Outline:

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| Measurement | Chapter 2 |
| Business Cycle Measurement | Chapter 3 |
| The Work-Leisure Decision | Chapter 4A |
| Profit Maximization | Chapter 4B |
| Closed-Economy 1-Period Macroeconomic Model | Chapter 5 |
| Search and Unemployment | Chapter 6 |
| Economic Growth: Malthus and Solow | Chapter 7 |
| 2-Period Model | Chapter 9 |
| Real Intertemporal Model with Investment | Chapter 11 |
| Monetary Intertemporal Model | Chapter 12 |
| Business Cycle Models | Chapter 13 |
| New Keynesian Economics | Chapter 14 |
| Money, Banking, and Inflation | Chapter 17 |
| International Trade in Goods and Assets | Chapter 15 |

Important Dates:

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| First lecture | May 10, 2016 |
| First tutorial | May 17, 2016 |
| First term test (BA3116) | May 26, 2016 |
| Assignment 1 is due | June 8, 2016 |
| Second term test (BA3116) | June 16, 2016 |
| Reading week (no classes) | June 20-24, 2016 |
| Classes resume | June 27, 2016 |
| Third term test (BA3116) | July 20, 2016 |
| Assignment 2 is due | August 4, 2016 |
| Final Exam | August 2016 examination period |

We hope you enjoy the course. Good luck!