

Macroeconomic Theory and Policy
ECO202Y 2017-18
Classroom: SS 2102
Section L0101 – Monday 2-5pm
Section L0105 – Monday 6-9pm

Course description

Modern macroeconomic theory attempts to explain how monetary policy, fiscal policy, and unforeseen ‘shocks’ impact the economy of nations. Topics include, but are not restricted to, employment, inflation, productivity growth (or lack thereof), interest rates, and exchange rates. Once we have gained a solid theoretical foundation, we will study how theory is applied in practice. Our focus will be on the role of government: specifically expenditure and taxation, and the role of the central bank; how policy influences inflation and interest rates.

Instructor information

Robert J. McKeown
Assistant Professor, Teaching Stream
Department of Economics, University of Toronto
150 St. George St. Room 342
Office Hours: Tuesday 3:00 - 5:00pm

Prerequisites

Students must have completed the appropriate prerequisites to continue in this course:
<https://www.economics.utoronto.ca/index.php/index/undergraduate/load/prerequisites>

Learning outcomes

Successful students will be able to:

- explain the theory underlying unemployment, inflation, productivity and exchange rates.
- solve economic problems using theoretical models, algebra, and diagrams.
- distinguish between short-run and long-run outcomes.
- contrast fiscal and monetary policy in open and closed economies.
- apply theory to predict how fiscal and monetary policy will affect key economic outcomes such as unemployment and aggregate income.

Class time

Lecture will be two to three hours, usually just two hours. There will be a combination of powerpoint slides and written note-taking, usually for deriving mathematical models. On specified days, the third hour of lecture will be devoted to tutorials. Students should bring pen and paper to every class. We will also enjoy a 10-minute break to stretch our legs and relax.

Textbook

Jones, Charles I., *Macroeconomics*, W.W. Norton & Company, 4th edition (2017). This book is mandatory. The text covers most, but not all, of the models and concepts covered in class.

Website

Announcements and course material will be posted on Blackboard through Portal.

Office Hours

You may book 15 minute sessions to discuss course material or administrative issues. To make a reservation, please visit the Google document: <https://docs.google.com/spreadsheets/d/1AbIoYNv1le9Vt4zM0WZTssPs1BnFrQ3IioDrOUQEjI0/edit#gid=0>. If this time does not work for you and you would like to meet with me, please email me to arrange a meeting. I will do my best to accommodate you within a reasonable period of time.

Email policy

The best form of communication in this course is in person, either with myself or a TA, during lecture, tutorials, and office hours. In the event that an e-mail communication is needed, please make sure to always identify yourself and to use your UTOR e-mail account (the “utoronto” account). E-mails from other accounts may not reach my inbox. Generally, I do not answer students questions via email.

Evaluations

	Date	Location	Grade
Test 1	Oct 23		15%
Test 2	Dec 7		15%
Test 3	Feb 12		15%
Written assignment 1	Nov 20	online	5%
Written assignment 2	Mar 19	online	5%
Final exam	Final exam period ^a	TBA	45%

Note: time and location of term tests will be announced on Blackboard and during lecture.

^aThe Final Exam Period covers April 9 to April 30. Please do not make any travel arrangements until May 1.

There will be no makeup term tests! If you miss one term test, regardless of the reason, the weight for that test will be shifted to the final exam. Any additional missed term tests will receive a score of zero, regardless of the reason!

Appealing your grade

Disputes over the evaluation of a test should be discussed with the instructor.

Disagreement with the marking means that an error might have been made – for instance, the marker failed to consider a part of your answer. Conversely, suggesting that you believe you deserved a higher grade is not a valid reason for a re-marking. After reviewing the solution posted on the course website, submit in person a brief note clearly indicating the reasons for your disagreement with the grade. You should include the link to your test or paper in Crowdmark, without any attachments. You must submit your appeal within two weeks after the test is returned to students. Please note that all questions of the test will be remarked and not only the question in dispute.

Economics Study Centre

The Economics Study Center is staffed by third- and fourth-year undergraduate students who act as peer mentors to Economics and Commerce students. The peer mentors assist students on a one-to-one basis or in study groups. The Centre will operate at a time and location to be determined. Further information can be found on the Centre's website:

<http://www.economics.utoronto.ca/index.php/index/undergraduate/load/studyCentre>

Crowdmark

The department of economics has secured Crowdmark this year for all of our undergraduate course offerings. Crowdmark is a 'collaborative online grading and analytics platform that

helps educators evaluate student work more effectively.’ Your term tests and paper will be scanned and uploaded to Crowdmark, and it is here that your work will be graded.

Table 1: Topics

Topic	Chapter	Description
Introduction	1–2	Introduction to macroeconomics and macroeconomic measurement
The Long Run	3	Empirical overview long-run growth
	4–5	Modeling long-run growth
	6	Growth and ideas
	7–8	Labour markets and inflation in the long-run
The Short-Run	9	Measuring short-run fluctuations, a simple model
	10	The Great Recession: facts and causes
	11	The IS curve
	12	Monetary policy and the Phillips curve
	13	The AS/AD model, stabilization policy
	14	Applying the model to the Great Recession
Extras	15	DSGE models
	16–17	Consumption and investment
	18	Governments and the macroeconomy
	19	International trade
	20	Exchange rates and international finance