

Department of Economics
University of Toronto
ECO208Y1Y – LEC0101
Macroeconomic Theory
2018-19
Professor Diego Restuccia

Lectures: T11am-1pm (Location BA 1170)
Tutorials: F2-4pm (Location BA 1170)

Lead TA: Frank Leenders, e-mail: frank.leenders@mail.utoronto.ca

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 United States, and a number of other countries will be used throughout the course.

Textbook: The required textbook for this course is Macroeconomics by Stephen Williamson, Fifth Canadian Edition (hereafter W). This is an excellent text in macroeconomics and we will follow it closely. There is also a study guide which is recommended but not required. Recommended readings will be announced and posted throughout the course.

Grading and Exam Policy: The course grade consists of term work worth 60% and a final exam worth 40%. Class participation is encouraged and will count positively towards marginal adjustments to the final course grade. No other work will be counted towards the grade. Term work includes three term tests and two written assignments. Term tests are worth 50% and written assignments the remaining 10%. Regarding the tests, as an insurance policy, only the best two test marks 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 exam and fails to take the other two will receive zero as one of the test marks. Under no circumstances term weight will be shifted to the final exam. Term tests will be given during class time on October 23, December 4, and February 26. The location for these exams will be announced at a later date. More details on the exams will be given during the course of the lectures. Regarding the writing assignments, each assignment will be worth 5% and generally will consist on gathering and analyzing some macroeconomic data with a brief discussion of some relevant economic issue. The assignments will be submitted online and a paper copy will be handed in at the beginning of the class on the due date. The due date for Assignment 1 is Friday Nov 23 before 2:10pm and the due date for Assignment 2 is Friday March 29 before 2:10pm. Late online submissions will not be accepted, a grade of zero will be applied to the assignment.

Web Site: Announcements, lecture notes, suggested problems, and any other class-related material will be posted on Quercus.

Suggested sample problems will be assigned for each topic but will not be graded. The Friday time allocation will be generally used for Tutorials given by the Teaching Assistant (TA) for discussion of problems and solutions and for answering questions. Tutorials will generally be held every Friday starting on September 28. The Friday time allocation may be occasionally used for lectures in which case will be announced in class and on Quercus. Students enrolled in this course will be able to use the Economics Study Centre. See the Department of Economics' web page for details.

Tentative Outline:

- 1) Introduction (W, Chapter 1)
- 2) Measurement (W, Chapter 2)
- 3) Business-Cycle Measurement (W, Chapter 3)
- 4) Consumer and Firm Behavior (W, Chapter 4)
- 5) A Closed-Economy One-Period Model (W, Chapter 5)
- 6) Unemployment (W, Chapter 6)
- 7) Economic Growth (W, Chapters 7-8)
- 8) A Two-Period Model (W, Chapter 9)
- 9) Credit Market Imperfections (W, Chapter 10)
- 10) A Real Inter-temporal Model with Investment (W, Chapter 11)
- 11) A Monetary Model (W, Chapter 12)
- 12) Business Cycle Models (W, Chapters 13-14)
- 13) International Trade in Goods and Assets (W, Chapter 16)
- 14) Money and Banking (W, Chapters 17-18)

Note that the material in some chapters will be complemented with parts of the Mathematical Appendix from the textbook and from additional notes. A full set of lectures will be provided as the class progresses.

Contact Information:

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Office Hours: T 10:30-11am and 1-1:30 (right after class) or by appointment

E-mail Policy: The best form of communication in this course is in person, either with me or the 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.

Important Dates:

Sep 7 – No tutorial
Sep 11 – First lecture
Sep 28 – First tutorial
Oct 16 – Class and review session
Oct 23 – First term exam
Nov 6 – Reading week, no class
Nov 27 – Class and review session
Dec 4 – Second term exam
Feb 12 – Class and review session
Feb 19 – Reading week, no class
Feb 26 – Third term exam
Apr 2 – Last class and review session
Apr 6 to Apr 30 – Final exam period