

Department of Economics
University of Toronto
Fall 2019

ECO 102 – L0101

Principles of Macroeconomics

INSTRUCTOR

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OFFICE HOURS

Wednesday 4:00 – 5:00 PM

COURSE DESCRIPTION

The aim of this course is to provide a thorough understanding of how the economy works. While ECO101 dealt with *microeconomic* problems (i.e., with the problems faced by the economic agents – households and firms), ECO102 will deal with *macroeconomic* problems (i.e., with the problems faced by society as a whole such as unemployment, inflation, high interest rates, volatile exchange rates, etc.).

REQUIRED TEXTBOOK

C.T.S. Ragan, *Macroeconomics*, 16th Canadian Edition (Toronto: Pearson Canada Inc., 2020).
Note that earlier editions are also acceptable.

COURSE WEBSITE

The website for the course is <http://www.economics.utoronto.ca/gindart/>. In the course website you will find class announcements, lecture slides, problem sets, past tests and exams, and other useful information.

LECTURES

Lectures will be held on Monday from 1:00 to 3:00 PM and Friday from 10:00 to 11:00 AM in room BR 200.

TUTORIALS

Tutorials will be offered weekly to answer questions arising from the problem sets or other course material. Tutorials times and locations to be announced.

ECONOMICS AID CENTRE

Tutors will be available to provide individual instruction on course material at the Economics Aid Centre. The Centre will operate every Tuesday from 4:00 to 5:00 PM in room GE 168.

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 operates from Monday to Friday in room GE 110. Further information can be found in the Centre's website

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

TESTS/EXAM

There will be two 2-hour tests and the final exam. The final exam will be written in the examination period as set by the Faculty of Arts and Science. The two term tests will **not** be written during regular lecture times. They will be written on the following dates:

	Date	Time	Location
Test 1	Thursday, October 10	6:00 to 8:00 PM	TBA
Test 2	Thursday, November 14	6:00 to 8:00 PM	TBA

Students with a time conflict will be allowed to write the tests at an alternate time. In such cases, students must submit evidence — and receive approval — **at least one week** before the date of the test. Please note that a “time conflict” means that you have a regular university class at that time.

CROWDMARK

All term work will be graded through *Crowdmark*, a collaborative online grading platform that helps instructors evaluate student work more effectively. Term tests will be scanned and uploaded to *Crowdmark* where they will be graded by the course TAs. Results with feedback will be emailed to students for viewing in a web browser.

EVALUATION

The breakdown of the final grade will be as follows: the test with the higher mark will count for 30 percent of the course mark, the test with the lower mark will count for 20 percent of the course mark, and the final exam will count for the other 50 percent of the course mark.

MAKE-UP TEST

Students missing a term test for a certified medical reason, or other approved cause, will be permitted to write a comprehensive make-up test towards the end of the second term. **In these instances, students are required (*without exceptions*) to submit official documentation *within one week of the missed test*.** In the case of illness, the official University of Toronto Medical Certificate form, available for downloading from the course website, must be used. Note that the form must be completed by a qualified medical doctor (i.e., not by an acupuncturist, chiropractor, or other health care professional) and that the doctor's OHIP registration number must be provided. **Original Medical Certificates (i.e., not a photocopy) must be submitted to the instructor in person (i.e., not to the Department's receptionist and not by fax or e-mail).** **Students deemed ineligible for writing the make-up test will receive a grade of zero for the missed test.** The make-up test will be written on Friday, November 22 from 1:00 to 3:00 PM in a location to be announced. Please note that the make-up test will cover the entire material covered for Tests 1 and 2. **Note that there will be no special allowance for any possible time conflict.** For those students allowed to write the make-up test, the make-up test will count for 25 percent of the course mark, the written regular term test will count for 25 percent of the course mark, and the final exam will count for the other 50 percent of the course mark.

SUBMISSION OF MEDICAL CERTIFICATES

The University is cracking down on the excessive use — i.e., abuse — of doctors' notes to request tests and exam deferrals. Doctors' notes are supposed to certify that a student was ill and thus unable to write a test on a specific date, but they are not supposed to be used as an instrument for time management. The Office of Student Academic Integrity (OSAI) has started to evaluate the submission of all suspicious medical certificates.

If unable to write any one test for medical reasons, the student must submit a doctor's note where the physician clearly indicates that in his/her professional opinion the student was unable to write the test on that particular date. This means that the doctor cannot limit him/herself to repeat what the patient (i.e., the student) has told him/her — the physician must clearly certify that the student was sick at the time of the test and, in his/her professional opinion, unable to write it.

Students missing a term test for medical reasons are required (*without exceptions*) to submit official documentation *within one week* of the missed test. In these instances the official University of Toronto Medical Certificate form, available for downloading from the course website, must be used. Note that the form must be completed by a qualified medical doctor (i.e., not by an acupuncturist, chiropractor, or other health care professional) and that the doctor's OHIP registration number must be provided. Original Medical Certificates (i.e., not a photocopy) must be submitted to the *instructor in person* (i.e., not to the Department's receptionist and not by fax or e-mail).

Note that, in general, medical certificates indicating conditions such as headaches, diarrhea, stomach ache, cold or other similar conditions will not be accepted as sufficient excuse for not writing a test. All suspicious submissions of medical certificates in ECO100 will either be rejected or forwarded to OSAI for further evaluation. Students must be aware that the submission of a medical note to get out of a test when the student is not actually sick is considered an offence covered under the University of Toronto's *Code of Behaviour on Academic Matters*.

MARKING AND APPEALS

Disputes over the evaluation of a test should be discussed with the instructor. After reviewing the solution posted on the course website, submit in person a brief note clearly indicating the reasons for your disagreement with the marking. Disagreement with the marking means that an error in marking might have been made — for instance, the marker failing to consider a part of your answer. Note that indicating that in your view you deserved a higher mark is not a sufficient reason for requesting a remarking of a test. You must submit your appeal ***within one week*** 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.

ACADEMIC INTEGRITY

Academic integrity is one of the cornerstones of the University of Toronto. It is critically important both to maintain our community which honours the values of honesty, trust, respect, fairness and responsibility and to protect you, the students within this community, and the value of the degree towards which you are all working so diligently.

According to Section B of the University of Toronto's *Code of Behaviour on Academic Matters* (<http://www.governingcouncil.utoronto.ca/Assets/Governing+Council+Digital+Assets/Policies/PDF/ppjun011995.pdf>), which all students are expected to know and respect, it is an offence for students:

- To obtain unauthorized assistance on any assignment.
- To provide unauthorized assistance to another student. This includes showing another student completed work (e.g., an answer in a test).
- To falsify or alter any documentation required by the University. This, includes, but is not limited to, doctors' notes.

- To use or possess an unauthorized aid in any test or exam (e.g., a cell phone).
- To continue writing when the time is up in any test or exam.
- To submit a medical note to get out of a test when the student is not actually sick.

There are other offences covered under the Code, but these are by far the most common. Please respect these rules and the values which they protect. [For useful tips for avoiding academic misconduct visit the website of the Office of Student Academic Integrity at <https://www.academicintegrity.utoronto.ca/perils-and-pitfalls/>.]

PROBLEM SETS

The purpose of the problem sets is to help you build skills and to deepen your understanding of the course material. One important skill is being able to figure out a solution approach to a problem that you have not seen before. To develop this skill and get a thorough comprehension of the subject you must make every effort to solve the problem yourself with the help of your lecture notes and the textbook. Consider answering these questions as if they were part of an open-book exam with the additional advantage of not having a time constraint. After you complete your answer to a question, then compare it to the solution provided in tutorials in order to confirm that your answer is correct or to reflect where you might have gone wrong.

Looking at the solutions before attempting to answer the questions is not helpful. You might look at the solution and say: “Oh, this is easy.” And it might be easy, but you haven’t learned anything from this exercise. I would dare you to wait 30 minutes and attempt to answer the same question without looking at the solution. You will see that the “easy” answer to the question is still as difficult as it was 30 minutes earlier. To look at the solutions first is the wrong approach — most likely you will forget the correct “easy” answer in no time. However, if you get to answer the question by yourself you will learn a lot more than just what the correct answer might be. You will learn “how” to get to the correct answer and you will also learn many details that had escaped you when you read your lecture notes and the textbook time and again. And I can assure you that what you learn in this way you will not easily forget.

Of course, all this also applies to the solutions to old tests posted on the course website. **Attempt to answer these old tests without looking at the solutions!**

Course Outline and Reading Assignments*

Lecture 1 – Introduction to Macroeconomics – Ch. 19

Lecture 2 – National Income Accounting – Ch. 20

Lecture 3 – Fixed Price-Level Model: Aggregate Expenditure and Equilibrium Income – Chs. 21 and 22

Lecture 4 – Some Macroeconomic Myths

Lecture 5 – Flexible Price-Level Model: Aggregate Demand and Aggregate Supply – Ch. 23

Lecture 6 – Money, Banking, and Monetary Policy – Chs. 26 and 28

Lecture 7 – The Demand for Money and Equilibrium in the Money Market – Ch. 27

Lecture 8 – International Trade – Chs. 32 and 33

Lecture 9 – Balance of Payments and Exchange Rates – Ch. 34

* Each “lecture” refers to one particular topic. It will take usually more than one class-meeting to present the material of one lecture.