

Course Syllabus

ECO351H1F – Special Topics: Macroeconomics and Psychology

Department of Economics
University of Toronto St George
Summer 2021

Contact Information

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Time Zone Information

All lecture times, tutorial times, exam times, deadlines, etc. are stated in local Toronto time (ET). It is your responsibility to correctly convert local Toronto time to your time zone: we will not accept confusion about deadlines as an excuse for lateness or missed tests/work.

Contact Hours

The format of the course is online and what is called “synchronous” (real-time lectures and discussions). Participation is important. We will be using Zoom (make sure to use the Zoom that is connected to your UofT email address), login details will be provided on Quercus. Lectures are 7:10-9PM on Mondays and Thursdays, starting Monday May 3, 2021. A detailed course outline follows.

Communication

All emails should be directed to prof. Vellekoop: n.vellekoop@utoronto.ca. Please use “ECO351” in the subject line, and please allow for a response within 1-2 business days. Please be brief, clear and specific in your email. Please use your UTOR e-mail account (the “utoronto” account). E-mails from other accounts may not reach me and your e-mail address helps me to identify you. Please include your full name, preferred name, and student number in the body of the email. If there is no response after 3 business days, please re-send your message to remind me.

Course Objectives

In the first half of this course I will introduce some basic concepts from psychology (and sociology), that are relevant for economics. In the second half of the course we will apply the concepts to macroeconomic problems. I do not expect you to be familiar with psychology, but do expect you to have understanding of micro- and macroeconomics. By the end of the course my goal is that you have gained more appreciation for psychology and what it can add to economic thinking.

The second learning goal is academic discussion. There will be lots of room for discussion in class, and I expect you to come prepared (having read assigned readings before class). Discussing and disagreeing are academic competencies, and we will practice those in class (where I expect civility from everyone). However, I also expect a level of tolerance for mistakes.

The third learning goal is writing, which is in essence another form of academic discussion. This course is a recognized academic writing course. There will be several short assignments to summarize academic literature. During the course I will provide pointers for how to write, find literature and avoid plagiarism. At any point you can raise writing-related questions with me or Jessica

This is a relatively small course, and meant to give an overview of a large and growing field of behavioral economics. We focus on macroeconomic applications. My teaching strategy is to take the highlights. Since behavioral economics is typically framed as a departure from some standard economic model, I would suggest the following learning strategy:

- (1) Take the lecture slides and the readings as a starting point.
- (2) Think with every concept and application what the rational economics benchmark would be.
- (3) How is behavioral economics supposed to improve on the rational benchmark?
- (4) What is your own evaluation of (2) and (3)?

Prerequisites

ECO200Y1/ECO204Y1/ECO206Y1; ECO202Y1/ECO208Y1/ECO209Y1; ECO220Y1/ECO227Y1/ (STA237H1, STA238H1)/ (STA247H1, STA248H1)/ (STA257H1, STA261H1)

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 requirements set by the Department of Economics.

Course Materials

Required: Akerlof, G.A. and Shiller, R.J., 2010. *Animal spirits: How human psychology drives the economy, and why it matters for global capitalism*. Princeton University Press.

The book should be available in the UofT bookstore, and we will be reading and discussing almost the entire book. Additional readings will be posted on Quercus.

Required: **Moblab**: you need to buy a subscription for the MobLab platform. MobLab is an online environment to play economic games. We will use this extensively throughout the course to experience and illustrate several principles in class. We have received a 60% discount of the regular price: we pay 10 USD. Instructions how to enroll are on the next page.



ECO351 Macro and Psychology

use code or scan QR:

bgddmsvw3



Student sign up at moblab.com

Course Outline

	Lecture	Topic	Chapters
1	May 3	Introduction Behavioral Economics	<i>Readings</i>
2	May 6	Confidence and its Multipliers	1
3	May 10	Fairness	2
4	May 13	Corruption and Bad Faith Money Illusion	3 4
5	May 17	Heuristics (not in book)	<i>Readings</i>
6	May 20	Stories Why Do Economies Fall into Depression?	5 6
	May 24	No class – Victoria Day	
7	May 27	Why Do Central Bankers Have Power over the Economy?	7
8	May 31	Why Are There People Who Cannot Find a Job?	8
9	June 3	Why Is Saving for the Future so Arbitrary?	10
10	June 7	Why Are Financial Prices and Corporate Investments So Volatile?	11+ <i>Readings</i>
11	June 10	Why Do Real Estate Markets Go through Cycles?	12
12	June 14	Why Is There Special Poverty among Minorities?	13

- Chapters refer to Akerlof and Shiller (2010).
- **Lecture 1 (suggested reading):** Akerlof, George A. 2002. "Behavioral Macroeconomics and Macroeconomic Behavior" *American Economic Review*, 92(3): 411-433. [link to pdf](#) [NV: this article is based on Akerlof's Nobel Prize lecture]
- **Lecture 5 (required reading):** Tversky, Amos, and Daniel Kahneman. 1974. "Judgment under Uncertainty: Heuristics and Biases." *Science*, 185(4157): 1124-1131. [link to pdf](#) [NV: this is a classic]
- **Lecture 10 (suggested reading):** Shiller, Robert. 2014. "Speculative Asset Prices" *American Economic Review*, 104(6): 1486-1517. [link to pdf](#) [NV: this article is based on Shiller's Nobel Prize lecture]

Evaluation

- 10% Participation in class, which includes attendance (showing up), being prepared and participation in class discussions. You may miss one class without reason from classes 2-11 (though I would prefer if you drop me a short email before). If something happens with your internet or computer during class, you can compensate that with “extra” participation in next lectures.
- 10% MobLab games and surveys
- 60% Four short writing assignments (500 words each), which are summaries of literature. I will provide the literature and instructions later. Each assignment is 15%.
- 20% Final paper on topic of your choice (1500 words).

All written work needs to be submitted through both Turnitin and Crowdmark.

	Weight	Deadline	
1	15%	May 14, 11:59PM ET	Fisman and Miguel (2007)
2	15%	May 21, 11:59PM ET	Fehr and Tyran (2001)
3	15%	May 28, 11:59PM ET	TBD
4	15%	June 4, 11:59PM ET	Bank runs
5	20%	June 19, 11:59PM ET	

Late Submissions

- Late assignments will be subject to a late penalty of 20% per day (including weekends) of the total marks for the assignment. Assignments submitted five calendar days beyond the due date will be assigned a grade of zero. Assignments handed in AFTER the work has been returned to the class cannot be marked for credit. Accommodations due to late registration into the course will NOT be approved.
- If you require an extension of time please request this at least 5 business days in advance. Asking for an extension the day before, or the day of, is not a sufficient amount of time.
- Computer viruses, crashed hard drives, broken printers, lost or corrupted files, incompatible file formats, faulty internet, battery problems, and similar mishaps are common issues when using technology, and are not acceptable grounds for a deadline extension.
- It is every student’s responsibility to ensure that their online submission is submitted successfully by the due date. Accommodations will not be made for unsuccessful submissions due to, but not limited to, i) the system timing out, ii) submitting the incorrect document(s), iii) poor internet connection / no internet connection etc.

Missed Term Work

Students who miss a test / due date because of circumstances beyond their control (e.g. illness or an accident) can request that the Department grant them special consideration. The following steps must be completed in order to be considered for academic accommodation for any missed quiz/test/assignment.

1. Your absence must be declared on ACORN on the day of the missed test / due date, or by the day after, at the latest.
2. You must notify your professor by e-mail within one week of the missed test / deadline.

3. Consult the Office of the Registrar should your absence be lengthy or affect multiple courses.

Note that it is your responsibility to ensure that your email account is working. Claims that a Departmental decision was not received will NOT be considered as a reason for further consideration.

Note that holidays and pre-purchased plane tickets, family plans, your friend's wedding, lack of preparation, or too many other tests/assignments are not acceptable excuses for missing a quiz, a test or an item of term work.

Regrade Request

After you have received grades and feedback on your written work, you may have questions. The office hour is the appropriate place, and if necessary, we can schedule a separate meeting. If you are of the opinion that a mistake has been made in the grading, you have one month from the date term work is returned to file a regrade request. This must be done in writing, by email to n.vellekoop@utoronto.ca. Be specific what the regrade request is about. I will review the entire piece of term work, and as a result your grade may go up, go down, or stay the same.

Privacy and Use of Course Materials

Notice of video recording and sharing (Download and re-use prohibited)

This course, including your participation, will be recorded on video and will be available to students in the course for viewing remotely and after each session. Course videos and materials belong to your instructor, the University, and/or other sources depending on the specific facts of each situation, and are protected by copyright. Do not download, copy, or share any course or student materials or videos without the explicit permission of the instructor. For questions about recording and use of videos in which you appear please contact your instructor. Notwithstanding the above statement, I reserve the right not to record the lectures.

Technology

In order to take this course, you will need reliable and regular access to a laptop/desktop; a cell phone is NOT sufficient. You will also need reliable and regular access to high-speed internet. See the University's [Recommended Technology Requirements for Remote/Online Learning](#) for more details. Read also the [UTM Library Learn Anywhere resource website](#).

Students must create an official UofT Zoom account using their UTORid and password at <https://utoronto.zoom.us>. Logging in with an unofficial account will leave you stranded in the waiting room and unable to attend lectures / tutorials / office hours.

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.

You may opt out from using Turnitin.com under the following conditions: you need to notify me by email, at least one week before the deadline. As an alternative to Turnitin.com you need to submit in addition to your written work an annotated bibliography, earlier versions and rough drafts and a list of all web site addresses and other sources consulted, even if they are not cited in the written work.

Student Conduct

It is your responsibility as a student at the University of Toronto to familiarize yourself with, and adhere to, [The Code of Student Conduct](#), which is a University policy that sets out expectations for student behavior, and prescribes processes for dealing with prohibited behaviour.

The [Student's Companion to the Student Code of Conduct](#) is a set of frequently asked questions and the responses about the Code of Student Conduct. It aims to simplify and clarify Code usage for the University's community members.

Netiquette What is netiquette? Netiquette is the code of conduct that an instructor expects in an online environment that is similar to what they expect in the classroom.

- Adhere to the same standards as you would in the classroom. For example, respect your peers. Use proper and respectful language and refrain from any insults, threats or bad jokes. You may think you are being funny by the minor insults, but you are not. Not everyone will have your same sense of humor.
- Be forgiving of mistakes. Do not point out insignificant errors of other students in front of the whole class. It's counterproductive and interrupts the flow of discussion.
- It is advised to mute your microphone during lecture. Background noises are distracting to everyone including how hard you type on your keyboard. Believe it or not, it makes more noise than you think.
- When your professor asks a question please use the chat function to queue your answer. This also applies if you have to ask a question. Use the chat function and your professor will answer the questions in the order they appear. Be patient. There will be delays and your instructor and/or your peers need a few moments to read.
- Before you hit the enter key to send messages through the chat function please re-read your response or question carefully and check for errors. Please note it is okay to make minor errors so long as you are understood.
- Be clear and concise but do not use texting language. Full sentences please. Note: It's okay to use emoji's but do not overdo it. 😊
- Be mindful of internet language, e.g. the interpretation of all cap letters is that you are shouting.
- Do not dominate the discussion. Give other students the opportunity to join in the discussion and present their ideas.
- Be positive. Do not start "flame wars" (emotionally-charged opinions) and intervene if you see this happening in a positive matter. Challenge the idea and not the student directly. Remember the purpose of a discussion is to increase your knowledge base.
- Do not make fun of someone's ability to read, write or speak. Remember we are all here to learn in a supportive environment.
- Avoid using slang and/or vernacular language. UofT is a very diverse community and this could possibly lead to misinterpretation, especially in the chat function.

- If someone posts information that you think may have been posted accidentally, let them know about it privately. Do not spread the accidental post to your peers. Remember we all make mistakes.

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, UofT treats cases of cheating and plagiarism very seriously.

The University of Toronto's [Code of Behaviour on Academic Matters](#) outlines behaviours that constitute academic dishonesty and the process for addressing academic offences. Potential offences include, but are not limited to:

In papers and assignments:

- Using someone else's ideas or words without appropriate acknowledgement.
- Submitting your own work in more than one course without the permission of the instructor.
- Making up sources or facts.
- Obtaining or providing unauthorized assistance on any assignment.

On tests and exams:

- Using or possessing unauthorized aids.
- Looking at someone else's answers during an exam or test.
- Misrepresenting your identity.

In academic work:

- Falsifying institutional documents or grades.
- Falsifying or altering any documentation required, including (but not limited to) doctor's notes.

With regard to remote learning and online courses, UofT wishes to remind students that they are expected to adhere to the [Code of Behaviour on Academic Matters](#) regardless of the course delivery method. By offering students the opportunity to learn remotely, UofT expects that students will maintain the same academic honesty and integrity that they would in a classroom setting. Potential academic offences in a digital context include, but are not limited to:

Remote assessments:

- Accessing unauthorized resources (search engines, chat rooms, Reddit, etc.) for assessments.
- Using technological aids (e.g. software) beyond what is listed as permitted in an assessment.
- Posting test, essay, or exam questions to message boards or social media.
- Creating, accessing, and sharing assessment questions and answers in virtual "course groups."
- Working collaboratively, in-person or online, with others on assessments that are expected to be completed individually.

All suspected cases of academic dishonesty will be investigated following procedures outlined in the [Code of Behaviour on Academic Matters](#). If you have questions or concerns about what constitutes appropriate academic behaviour or appropriate research and citation methods, you are expected to seek out additional information on academic integrity from your instructor or from other [institutional resources](#).

Another helpful document that you should read is [How Not to Plagiarize](#), by M. Procter.