University of Toronto
FALL 2021

Professor Alexopoulos
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Course Outline
ECO 1100H1F
Economic Theory- Macroeconomics (MFE)
Fall 2021

Time and Location: Lectures and Tutorials will be held every Tuesday & Thursday from 9-11. The classroom reserved is BL 112. Lectures will be done synchronously via Zoom. Tutorials and testing will be done in person in the assigned classroom. Students may log into the Zoom lectures from the classroom if desired. The preliminary schedule for lecture and tutorial dates are as follows:

Lecture dates:
Sept 9, 14, 16, 23, 28, 30
Oct 7, 12, 21, 26 28
Nov 2, 16, 18
Dec 2

Tutorial times:
Sept 21
Oct 5, 14
Nov 4, 25
Dec 7

Midterm Test Date: Oct 19

Group work date: Nov 23

Group presentation date: Nov 30

Office Hours: Prof. Alexopoulos will hold office hours by appointment. Mr. Paul Han p.han@mail.utoronto.ca is the T.A. for the course. He will announce the schedule of his office hours.

Course Outline: The course is intended to familiarize students with current topics in macroeconomics. Topics covered will include economic growth, consumption and investment, business cycle theory and unemployment. Calculus will be used throughout the course.

Grading: The term grade will be made up of the midterm worth 55% of the term mark referenced below and the group assignment (worth 45% of the term mark referenced below). The final cumulative exam will count for 100% of the Exam mark referred to below.

The final course grade will be calculated as follows

$$\text{Max (Term Grade} \times 40\% + \text{Exam} \times 60\%, \text{Term Grade} \times 60\% + \text{Exam} \times 40\%)$$

The midterm will be scheduled for Oct 19, and the final presentations for the group projects will be scheduled for Nov 30.
The date of the Final will be announced when the exam timetable is available.

Group Project: The group project will consist of written submissions and a group presentation. The details will be announced after the Midterm. The written submissions will consist of both a group report component and an individual submission component.

Textbook: Romer, David. *Advanced Macroeconomics*, 5th. Edition. McGraw Hill.

Topics:

1. Economic Growth.
1.1. The Growth Facts.
1.2. The Neoclassical Growth Model.
1.3. The Planner's problem.
1.4. The Competitive Equilibrium.
- *Class notes.*
- Romer, D. Chapter 1 & 2.

2. Business Cycle Analysis
2.1. The Business Cycle Facts.
2.2. Real Business Cycle Theory.
2.3. Sticky Prices and Limited Participation
- Class notes.
- Romer, D. Chapter 5
- Cooley, Thomas and Edward Prescott. 1994. Economic Growth and Business Cycles in *Frontiers of Business Cycle Research*. Thomas Cooley Editor. Princeton University Press.
- Prescott, E. 1986. Theory Ahead of Business Cycle Measurement. *Federal Reserve Bank of Minneapolis Quarterly Review*, Fall, 9-22
- Christiano, Lawrence, Martin Eichenbaum and Charles Evans. (1997). ``Sticky Price and Limited Participation Models of Money: A Comparison", *European Economic Review* 41, 1201-49.

3. Theories of Unemployment
3.1. Indivisible Labour
3.2. Efficiency Wages
3.3. Implicit Contracts

3.4. Insider Outsider Models
3.5. Search and Matching
- Class notes
- Romer, D. Chapter 11
- Hansen, Gary D. (1985). ``Indivisible Labor and the Business Cycle'', *Journal of Monetary Economics* 16, 309-27.

4. Monetary Policy
- Class notes
  Romer, D. Chapter 12