

# Course Syllabus

## ECO352H1S – Special Topics: Macroeconomics and Psychology

Department of Economics  
University of Toronto St George  
Winter 2023

### Contact Information

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Instructor: Nathanael Vellekoop, PhD  
Email: [n.vellekoop@utoronto.ca](mailto:n.vellekoop@utoronto.ca)  
Office: GE 222 (St. George)  
Office hours: before and after lecture, or by appointment

Course website: Quercus  
TA: Jessica Gallant  
Email: [jessica.gallant@mail.utoronto.ca](mailto:jessica.gallant@mail.utoronto.ca)

### Contact Hours

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The format of the course is in-person, unless public health requires a different format. Participation in class is important. Lectures are 3:10-5pm on Mondays. A detailed course outline follows.

### Communication

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All emails should be directed to prof. Vellekoop: [n.vellekoop@utoronto.ca](mailto:n.vellekoop@utoronto.ca). Please use “ECO352” in the subject line, and please allow for a response within 1-2 business days. Please be brief, clear and specific in your email. You have to use your UTOR e-mail account (the “utoronto” account). E-mails from other accounts may not reach me and will not be read. 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

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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)?

## Course Materials

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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 12 USD. Instructions how to enroll are on the next page.

 **ECO352 STG Winter 2023**

use code or scan QR:

q j t e d z q y 3



Student sign up at [moblab.com](https://moblab.com)

## Course Outline

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	Lecture	Topic	Chapters
1	Jan 9	Introduction Behavioral Economics	<i>Readings</i>
2	Jan 16	Confidence and its Multipliers	1
3	Jan 23	Fairness	2
4	Jan 30	Corruption and Bad Faith Money Illusion	3 4
5	Feb 6	Heuristics (not in book) Stories	<i>Readings</i> 5
6	Feb 13	Why Do Central Bankers Have Power over the Economy?	7
		<b>Reading Week</b>	
7	Feb 27	Why Are There People Who Cannot Find a Job?	8
8	Mar 6	Why Is There a Trade-off Between Inflation and Unemployment in the Long-Run?	9
9	Mar 13	Why Is Saving for the Future so Arbitrary?	10
10	Mar 20	Why Are Financial Prices and Corporate Investments So Volatile?	11+ <i>Readings</i>
11	Mar 27	Why Do Real Estate Markets Go through Cycles?	12
12	Apr 3	To be decided	

- Chapters refer to Akerlof and Shiller (2010).
- Additional readings will be assigned throughout the course.

*Required Readings for Lectures 1, 5 and 10.*

- **Lecture 1:** 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:** 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:** 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

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- 15% Participation in class, which includes attendance (showing up), being prepared and participation in class discussions. You may miss two classes without reason from classes 2-11 (though I would prefer if you drop me a short email before). MobLab games and in-class surveys are also part of participation.
- 30% Three short guided writing assignments (1,000 words each). I will provide the literature and instructions later. Each assignment is 10%.
- 20% Final paper version 1, instructions will be given in week 5 (3,000 words).
- 10% Provide (anonymous) written comments on first draft of two papers, 5% each.
- 25% Final paper version 2, which is the final draft of the paper, total 4,000 words (20%). In addition you need to include a response to each of the written comments and discuss how you included the comments (5%).

All written work needs to be submitted through Ouriginal on Quercus.

	<b>Weight</b>	<b>What</b>	<b>Hand Out</b>	<b>Deadline</b>
1	10%	Assignment 1	January 10	January 19, 11:59PM ET
2	10%	Assignment 2	January 20	January 29, 11:59PM ET
3	10%	Assignment 3	February 7	February 17, 11:59PM ET
4	20%	Final paper V1		March 5, 11:59PM ET
5	10%	Two written comments		March 29, 11:59PM EDT
6	20%	Final paper V2		April 6, 11:59PM EDT
7	5%	Response to comments		April 6, 11:59PM EDT

## **Late Submissions**

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- Note that you can upload multiple submissions of your work before the deadline, only the last version will be graded.
- There is a grace period of an hour after each deadline, in which you can submit without penalty.
- 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 3 business days in advance. Requests within 24 hours of a deadline will not be taken into account.
- 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**

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Students who miss a 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 your College Registrar's Office 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.

Also 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**

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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](mailto: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**

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Notice of video recording and sharing (Download permissible; 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 source depending on the specific facts of each situation, and are protected by copyright. In this course, you are permitted to download session videos and materials for your own academic use, but you should not copy, share, or use them for any other purpose without the explicit permission of the instructor. For questions about recording and use of videos in which you appear please contact your instructor.

## **Technology**

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We will be using MobLab in class, see for signup instructions above.

### **Plagiarism Detection Tool**

Normally, students will be required to submit their course essays to the University's plagiarism detection tool 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 tool's reference database, where they will be used solely for the purpose of detecting plagiarism. The terms that apply to the University's use of this tool are described on the Centre for Teaching Support & Innovation web site (<https://uoft.me/pdt-faq>).

You may opt out from using Ouriginal under the following conditions: you need to notify me by email, at least one week before the deadline. As an alternative to Ouriginal 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

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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.

## Academic Integrity

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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.

*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.