

ECO202Y1Y, Macroeconomics Theory and Policy

Summer 2023, Section L5101

Economics Department, University of Toronto

First Semester:

Instructor: Olga Denislamova

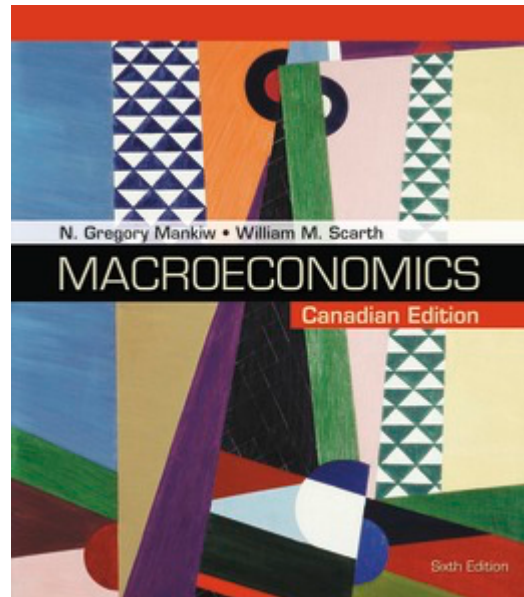
Email: o.denislamova@utoronto.ca

Second Semester:

Instructor: Masoud Anjomshoa

Email: Masoud.anjomshoa@utoronto.ca

Office Hours: See the Quercus website

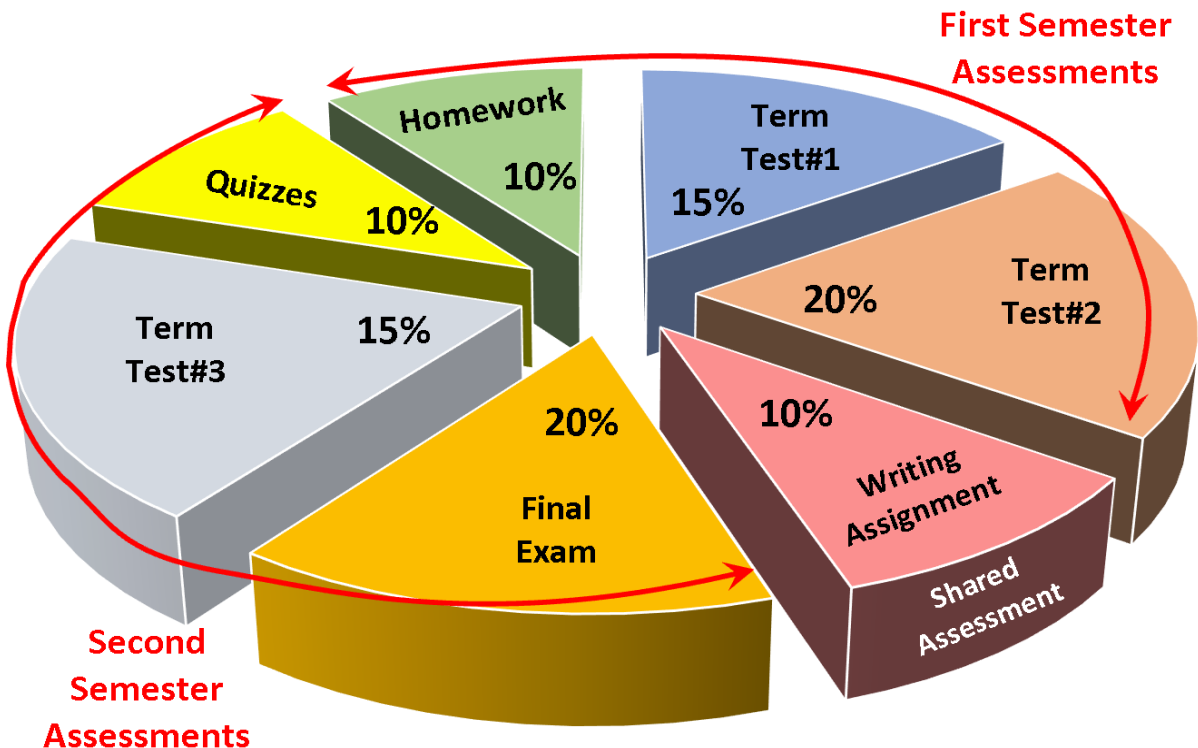


Textbook:

Gregory Mankiw and William Scarth, Macroeconomics 6th Canadian Edition, Worth, 2020. Do NOT use the older editions.

Evaluations/Grading Schemes:

Please see the details on the later pages.



Course Description:

This course studies the behavior of economies at the aggregate level, when they are subject to shocks and policies. This includes macroeconomic behavior of economic variables in the short run, i.e., economic fluctuations and business cycles, as well as the long and very long run that are focused on adjustments, trends, and economic expansion. In these cases, first, closed economies are studied, and then we extend our models to open economies. Some macroeconomic topics are studied in greater detail: consumption and investment theories, labor market, economic policy management could be among these topics.

Learning Objectives:

By the end of the course, the students should be able to:

1. Recognize a set of standard macroeconomic models and explain how to gain insights from them
2. Translate real world questions about the economy into mathematical models and defend their modelling choices
3. Describe various methods of measuring a country's economic well-being and evaluate their usefulness
4. Describe different sources of long-run economic growth and evaluate their relative importance
5. Explain the causes of inflation and discuss when inflation is a bad thing
6. Explain the sources of short-run fluctuations in the economy and discuss the trade-off between inflation and unemployment
7. Describe what policy tools are available to policy makers in cases of short-run fluctuations and evaluate the role of policy in managing the economy
8. Recommend potential policy solutions to various economic problems and discuss their potential drawbacks
9. Explain patterns of international trade and exchange rates determination

Prerequisites:

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 the requirements set by the Department of Economics. For further information you can consult the Courses Calendar, which is available from the Registrar's Office. If you have any doubt about the required prerequisite, please let us know to direct you to the right person to check it for you.

Course Delivery Details:

The First Semester Lectures and Tutorials:

In the first part of the course, a large part of the course material (main theories and technical details) will be delivered via pre-recorded lectures. They will be posted on Thursday each week before the material is covered in the next week (except for the first week). The reason for pre-recording part of the instructional material is so that you can go over the material at your own pace as many times as you want. You are **required** to watch the lecture. For best results, try to mimic your behavior in live lectures: block out a regular time to watch the material and avoid distractions.

During the course calendar times, we will meet for in-person workshops. These are not technically compulsory, but we highly recommend that you attend all of them and pay close attention. During the workshops, we will do practice problems and past exam problems, discuss the real-world data and current events in the context of the models that are covered in the pre-recorded lectures, as well as the course material more broadly. Sometimes new course material will be introduced during the workshops, so your attendance is highly recommended.

In-person Workshops	In-person Tutorials
Mondays 6:00 - 8:00PM Wednesdays 6:00 – 8:00PM	Wednesdays 8:00 - 9:00PM

If, as the term progresses, we find that the format outlined above is not optimal for the class's learning, we will switch back to regular in-person lecture format.

Note that if the class ends up going fully online, the format of the course delivery may change completely to accommodate the developments.

The Second Semester Lectures and Tutorials:

Note that the second part of the course is designed for full in-person delivery, so attending the lectures is crucial. The schedule of lectures and tutorials is as below:

In-person Lectures	In-person Tutorials
Mondays 6:00 - 9:00PM Wednesdays 6:00 – 8:00PM	Wednesdays 8:00 - 9:00PM

Evaluation Schedule:

Evaluation	Weight	Due Date and Time
First Semester		
Term Test#1	15%	May 29th, 6:00-8:00PM, in-person
Term Test#2	20%	During June Final Exams Period, in-person
Graded Homeworks	10%	Spread over the first semester (May-June)
Second Semester		
Term Test#3	15%	July 26, 6:00-8:00PM, in-person
Final Exam	20%	During August Final Exams Period, in-person
Quizzes	10%	Spread over the first semester (July-August), online
Writing Assignment	10%	August 13, 11:59pm

Writing Assignment:

The point of the writing assignments is to give you the opportunity to apply your newly gained knowledge of economics in a 'real-life' setting and practice your writing skills. The details of the assignment will be posted on Quercus some time before its due date. You will need to submit the assignment before the deadline. No collaboration is allowed. No extensions are granted for any reason (illness, computer problems etc.). There is a 25% (of assignment total grade) penalty per 24 hours for late submissions. No submissions will be accepted 4 calendar days after the deadline.

Evaluation Details for the First Semester:

Term Tests #1 and #2:

- Term Test#1 is focused on the chapters that are covered before the test.
- Term Test#2 is a cumulative test, and acts as the final exam for the first part of the course.

If you miss either of these term tests, you must declare it in ACORN, with the related reason, and email us a copy within 3 days of the test. Then, you must take the **makeup** test. The **makeup** test is in-person for the eligible students who miss Test#1 **OR** Test#2, on **Friday July 7, at 6PM**. The makeup test could be different from actual tests in terms of length. The makeup test is a cumulative test, covering all the material in the first semester, no matter which test you missed.

You **cannot** miss both Test#1 and Test#2. If you miss both tests, you will receive a **ZERO** for Test#1, and you need to take the makeup test for Test#2.

If you miss the makeup test, you will receive a **ZERO**, no matter why you miss the test.

Note that the makeup test is a private test and will **NOT** be returned to you.

Graded Homework:

- There will be 6 pieces of graded homework due throughout the first half of the course.
- Each homework will be worth 2% of your grade. The lowest score will be automatically dropped in the computation of your final grade.
- The homework will typically consist of a combination of numeric calculation and short answer questions and be available on Crowdmark.
- The homework will be cumulative (you can expect around 50% of the homework to cover the previous week's material and 50% to cover past material throughout the second half of the course).
- The homework is **open-book/open-notes**.
- You can complete the homeworks as part of a group of up to 3 people. You should only submit one assignment per group. Please remember to add your group members on Crowdmark and write everyone's name in the assignment itself.
- To avoid free-rider problem, in case you find out that some member in your group is not working, you are free to switch to another group for the later homeworks.
- Every student in a group should make sure that the submission of every question is properly done before the respective deadlines. Excuses such as "One group member is not working and we didn't know about it before the deadline, so our group is unable to finish the homework on time" will not be accepted.
- Students who are unable to find a group but want to be part of one for Homework 1 should notify the instructor. The instructor could help assigning them into groups.
- All the members of a group would get the same mark for the homework.
- The late penalty for submitting your homework late is 5% per minute. We will waive your first late penalty provided that it is reasonable.

Evaluation Details for the Second Semester:

Term Test#3 and Final Exam:

Term Test#3 is focused on a few chapters. But the final exam is a cumulative exam covering all the materials of the second part of the course. Of course, the materials in the second part of the course are heavily related and depending on the materials in the first half.

If you miss Term Test#3, its weight will be shifted to the Final Exam. You must declare it in ACORN, with the related reason, and send a copy of the declaration to masoud.anjomshoa@utoronto.ca, within 3 days of the test.

Quizzes:

There will be several quizzes during the second semester, which will be posted on the course Quercus website, each covering one or a few chapters, and are in multiple-choice format. An upcoming quiz will be announced in advance. When the quiz is posted, you have a two-day window to start the quiz. But when you start the quiz, you need to finish it in **one sitting** in a limited time like one or two hours. Please make sure you do not miss the quizzes, by regularly checking Quercus. If you miss quizzes, they **cannot** be substituted by anything else.

Notes, Emails, and Quercus Course Website:

Quercus: All the course materials like exercises, quizzes, notes, announcements, ... will be posted on the Quercus course website. It is your responsibility to follow up and get the information about the tests, quizzes, announcements, etc.

Communication for the First half of the course: The course email is eco202.denislamova@utoronto.ca. Use this email address for all course organization related questions, questions regarding Accessibility accommodations, assessment problems, tutorials etc. You must use your UofT account to send the emails. Do NOT use messages in Quercus Inbox. Any content questions or questions that other students would like the answer to should be posted on Piazza or asked in Office Hours/during the in-person workshops. Emails about course content will be redirected to Piazza, discussion board, and office hours.

The instructor's email is o.denislamova@utoronto.ca. Use instructor emails for course problems that require immediate attention (e.g. broken links etc.) or for personal problems. If you have a personal problem that you'd like to discuss privately in a synchronous setting, we can schedule a brief meeting. No content-related questions will be addressed by the instructor via email. Overall, e-mail is appropriate in limited circumstances: please do not take offense if my reply simply reminds you of this section and/or directs you to Piazza. We will do our best to respond to the shorter emails within 2 business day and to the longer emails within 5 business days.

Communication for the second half of the course: If you want to send an email, you must send it from your UofT account to masoud.anjomshoa@utoronto.ca. Do NOT use messages in Quercus Inbox.

Piazza and the Quercus Discussion Board: During the first semester Piazza will be used. You can register for Piazza via Quercus (left toolbar). The emphasis is on student-to-student Q&A. However, the TAs will work to ensure proper usage, flag some postings, and answer **selected** content questions. Give a descriptive title to your post: for example, 'Lecture 13, Slide 7: Meaning of the alpha parameter?' or 'PS 4, Problem 2' rather than 'Help with lecture' or 'Problem Set question.' Also, specific questions that include relevant images (e.g. relevant screenshots or a scan of your attempt) tend to have the best chances of a helpful answer.

During the second semester the Quercus discussion board will be used to post your questions.

Second Semester Course Notes: For your convenience, the course notes will be posted on Quercus in pdf format. But the notes are **NOT** complete, and the complete version is **NOT** available.

Moreover, students are required to read and understand the textbook case studies and other materials.

Re-grading Appeals:

In order to appeal for re-grading your term tests, you should submit the Re-grading Request Form (ask us for it), by email, within **2 weeks** after returning the grades. After this period, no request is accepted.

Your test may be re-graded the entirely, so your grade can go either way, up or down, or remain unchanged.

Academic Integrity and Academic Misconduct:

- Students should note that any form of academic misconduct will not be tolerated, as academic integrity is central to an UofT education. Any student caught engaging in misconduct activities will be subject to academic discipline ranging from a mark of zero on a test or examination to dismissal from the university as outlined in the academic handbook. Any student abetting or otherwise assisting in such misconduct will also be subject to academic penalties.

- Academic integrity is especially relevant for courses with online elements. Consider all graded term work as individual work, unless stated otherwise. Collaborating, providing or

receiving answers or unauthorized help from someone else on submitted work violates academic integrity.

- Please note that all suspected cases will be reported to the Department of Economics and OSAI. Please consult with the university's Code of Behavior on Academic Matters:

<http://www.governingcouncil.utoronto.ca/policies/behaveac.htm>

Also: <http://www.artsci.utoronto.ca/osai>

- In order to avoid plagiarism, your assignments might be submitted to **Ouriginal** (instead of Turnitin). You can find the details about what plagiarism is and how to avoid it, check this link: <http://advice.writing.utoronto.ca/using-sources>

- The usual University of Toronto disclaimer on use of Ouriginal is applied: "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>)".

- The knowing use of generative artificial intelligence tools, including ChatGPT and other AI writing and coding assistants, for the completion of, or to support the completion of, an examination, term test, assignment, or any other form of academic assessment, may be considered an academic offense in this course.

- Representing as one's own an idea, or expression of an idea, that was AI-generated may be considered an academic offense in this course.

- This course policy is designed to promote your learning and intellectual development and to help you reach course learning outcomes.

- **Notice of Audio/Video Recording and Sharing:** 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, record, or share any course or student materials or videos without the explicit permission of the instructor.

Academic Support:

- Students with diverse backgrounds, perspectives, learning styles and needs are welcome in this course. If you need help achieving academic success in this course, please reach out.

For accessibility services/accommodation, please see:

<http://www.studentlife.utoronto.ca/as>

- The Economics Study Centre is staffed by third- and fourth-year undergraduate students who act as Learning Assistants to Economics and Commerce students. The focus of the program is on core Economics courses including ECO202. Please check the following link to for the schedule and updates:

<https://www.economics.utoronto.ca/index.php/index/undergraduate/load/studyCentre>

- In order to receive helpful information for your essays, you can use the services of several Writing Centers at the University of Toronto. A list of these Writing Centers can be found at <https://writing.utoronto.ca/writing-centres/arts-and-science/>

- For more general advice on academic essay-writing, please refer to:

<http://www.artsci.utoronto.ca/current/advising/ell>

- For more information, please contact the ELL coordinator **Leora Freedman** at leora.freedman@utoronto.ca

Planned Course Schedule First Half of the Course:

The following is an estimated plan for the coverage. The actual pace and materials could be different.

Session	Subject	Chapter
1: May 8	National Income Accounting The Data of Macroeconomics	2
2: May 10	Aggregate Demand and Supply, and Equilibrium	3
3: May 15	Growth Accounting + The Solow Model	Notes
4: May 17	The Solow Model + Investment	Notes
5: May 24	Romer Model + Romer-Solow Model	Notes
6	Term Test 1 (May 29)	
7: May 31	Aggregate Demand + Open Economies in equilibrium	3+6
8: June 5	Consumption Model (I)	Notes
9: June 7	Consumption Model (II)	Notes
10: June 12	Labor Markets + Unemployment	7 + Notes
11: June 14	Money & Banks	4
12: June 15	Inflation: Causes & Effects	5

Planned Course Schedule Second Half of the Course:

The following is an estimated plan for the coverage. The actual pace and materials could be different.

Session	Subject	Chapter
1: July 5	Developing the IS-LM Model	10 and 11
2: July 10	Developing the IS-LM Model (Cont.)	11
3: July 12	Developing the AS-AD Model, Short Run Analysis and Long Run Adjustments	12-
4: July 17	Developing the AS-AD Model, Short Run Analysis and Long Run Adjustments	12
5: July 19	Open Economies: The Mundell-Fleming Model	13-1 to 13-4
6: July 24	Open Economies: Fixed vs. Flexible Exchange Regimes (Cont.)	13-6 to 13-8
7	Term Test #3 (July 26)	
8: July 31	Developing the Upward Sloping AS	14
9: August 2	Developing the Upward Sloping AS (Cont.)	14
10: August 9	Developing the Dynamic AS-AD Model	15
11: August 14	Stabilization Policies: Different Perspective	16
12: August 15	Government Debt and Budget Deficits	17