

University of Toronto
Department of Economics
ECO208Y1Y
L0201

Macroeconomic Theory
2023-2024

Professors Murat Alp Celik and Terry Yip
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Lectures: Monday, 3:10-5:00pm, SS 2117

Tutorials: Tuesday, 1:10-3:00pm, SS 2117

Fall Term Instructor: Murat Alp Celik, murat.celik@utoronto.ca

Winter Term Instructor: Terry Yip, terry.yip@utoronto.ca

TA 1 (Head TA, point of contact): Eun Ji Lee (Lindsay), lindsayeun.lee@mail.utoronto.ca

TA 2: Jinzhi Zhang, lanki.zhang@mail.utoronto.ca

Office Hours:

Murat Alp Celik (Fall Term Only): Monday, 5:00-6:00pm, SS 2117/GE 229

Terry Yip (Winter Term Only): TBD

Eun Ji Lee (Lindsay): Tuesday, 12:00-1:00pm, GL 313

Course Description: ECO208 is an intermediate-level course in macroeconomics. In this course, tools to study macroeconomic events and policies are developed using a framework that is based on micro-foundations – the dominant approach in macroeconomics since the Lucas Critique. The following topics will be covered: measurement of aggregate economic variables and business cycles, analysis of government policies, unemployment, economic growth, business cycles and monetary policy, international trade and exchange rates. While the aim is to develop the theoretical tools with which to analyze the macroeconomy, data from several countries will be used to provide examples and to broaden the understanding of the global economy.

Prerequisites: ECO100Y1; MAT133Y1/(MAT135H1, MAT136H1)/MAT137Y1/MAT157Y1.

Note that I cannot waive the prerequisites, and enrolment is handled by the department. If you need help with enrolment, you can contact the undergraduate administrator at your department (different for commerce students). See the course policy of the economics department at: <https://www.economics.utoronto.ca/index.php/index/undergraduate/load/prerequisites>

Textbook: We will use “Macroeconomics” by Stephen Williamson (**sixth** Canadian edition). We will not use MyLab. Having access to the text is sufficient.

Contact Policy: The preferred method of communication is in-person during the lectures, tutorials, and office hours. **Due to the size of the class, e-mail communication will be reserved only for urgent administrative questions.** First, please make sure that your question is not already answered on the syllabus or the announcements posted on the course website. In most cases, it is. If you have any course content related questions, they should be asked during the lectures, tutorials, or office hours. If you have any administrative questions that are not urgent, likewise, they should be asked during the lectures, tutorials, or office hours. **If you have urgent administrative questions, you should contact Eun Ji Lee (Lindsay), (lindsayeun.lee@mail.utoronto.ca).** In such a case, please make sure to identify yourself (full name) and use your official utoronto.ca e-mail account. **Failure to follow the described contact policy can affect your grade negatively, as explained below.**

Grading and Exam Policy: The course grade will consist of term work (63% of the final grade) and a final exam (37%). Term work will include three midterm exams (50% total), two written assignments (10% total), and a communication grade (3%).

The current plan is to have the midterm exams during scheduled lecture hours (Monday, 3:10-5:00pm); but this may be subject to change later on. The final will be during the final exam period for the winter semester. Complete details will be announced on the course website as we approach the exam dates.

While there will be three midterm exams, **only the best two of the three midterm tests will count towards the final grade.** Each of the best two tests will count for 25% of the final grade.

There will be NO make-up for midterm exams. This means that if a student fails to take two midterm exams, the grade for one of the exams will be zero – i.e. 0 for 25% of the final grade. Failing to take all three midterm exams means 0 for 50% of the final grade.

Make sure you check the important dates at the end of this document to ensure that there are no conflicts with the exam dates. You are responsible for reporting the conflict within the first two weeks of classes so that accommodations can be considered.

10% of the grade for term work will be determined by the two written assignments, which will have a weight of 5% each. The assignments will be submitted online. If the deadline is missed, students can submit it within 7 days, but this will result in a late penalty of 30% of the grade for the assignment.

The remaining 3% is the “communication grade”. Every student starts out with the full 3%. Individual grades will be lowered if the student fails to follow the course contact policy, asks questions that are already answered in the syllabus, assignment text, online announcements, etc. The aim of this policy is to encourage students to pay attention to the communicated information, and to avoid heavy e-mail traffic when relevant information is already available through other channels.

Verification of Illness or Injury: If you become ill and it affects your ability to do your academic work, you can use Absence Declaration (via ACORN) or the University's Verification of Student

Illness or Injury (VOI) form. The VOI indicates the impact and severity of the illness, while protecting your privacy about the details of the nature of the illness. For more information on the VOI, please see <http://www.illnessverification.utoronto.ca>. For information on Absence Declaration Tool for A&S students, please see <https://www.artsci.utoronto.ca/absence>. If you get a concussion, break your hand, or suffer some other acute injury, you should register with Accessibility Services as soon as possible.

Re-grading Policy for Term Work: Students who want to have a midterm test or assignment re-graded must submit a re-grade form **within two weeks of receiving the grade**. This form will be made available on the course website. The completed form will be submitted to **Eun Ji Lee (Lindsay)**, (lindsaveun.lee@mail.utoronto.ca).

Suggested Problems: Suggested problems will be assigned for the topics covered in class, but they will not be handed in or graded. On most weeks, some of the problems will be covered in the tutorial.

Quercus (course website): This course uses the University's learning management system, Quercus, to post information about the course, including materials required to complete class activities and course assignments, share important announcements and updates, and foster academic discussion between learners. The site is dynamic and new information and resources will be posted regularly as we move through the term. The principal source of information about all course-related work will be the course site in Quercus, so please make it a habit to log in to the site on a regular if not daily basis. Please note that any grades posted within the Quercus Grade Centre are posted for your information only, so you can view and track your progress through the course. No grades are considered official, included any posted in Quercus at any point in the term, until they have been formally approved by the Course Instructor at the end of the course.

Ongoing Learning Disability or Accommodation Requirement: Students with diverse learning styles and needs are welcome in this course. If you have an ongoing disability issue or accommodation need, you should register with Accessibility Services (AS) (<http://www.studentlife.utoronto.ca/as>) at the beginning of the academic year. Without registration, you will not be able to verify your situation with your instructors, and instructors will not be advised about your accommodation needs. AS will then assess your medical situation, develop an accommodation plan with you, and support you in requesting accommodation for your course work. Remember that the process of accommodation is private: AS will not share details of your condition with any instructor, and your instructors will not reveal that you are registered with AS.

Academic Integrity: All students, faculty and staff are expected to follow the University's guidelines and policies on academic integrity. For students, this means following the standards of academic honesty when writing assignments, citing and using source material appropriately, collaborating with fellow students, and writing tests and exams. Ensure that the work you submit for grading represents your own honest efforts. Plagiarism—representing someone else's words as your own or submitting work that you have previously submitted for marks in another class or program—is a serious offence that can result in sanctions. Speak to me or your TA for advice on

anything that you find unclear. Also, see the U of T writing support website at <https://writing.utoronto.ca/>. Consult the Code of Behaviour on Academic Matters for a complete outline of the University's policy and expectations.

Economics Study Centre: Students enrolled in the course will be able to benefit from the Economics Study Centre. This is a valuable resource that you can make use of if you are having trouble with economics courses in general, or have trouble catching up. See the Department of Economics website for further information:

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

English Language Learning: ELL supports all U of T undergraduates enrolled in the Faculty of Arts and Science whose first language is not English (ESL or multilingual students), as well as native speakers seeking to improve their English language skills. Learn more at:

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

General Outline:

- 1) Introduction (W, Chapter 1)
- 2) Measurement (W, Chapter 2)
- 3) Business Cycle Measurement (W, Chapter 3)
- 4) Consumer and Firm Behaviour (W, Chapter 4)
- 5) A Closed-Economy One-Period Macroeconomic Model (W, Chapter 5)
- 6) Search and Unemployment (W, Chapter 6)
- 7) Economic Growth (W, Chapter 7)
- 8) A Two-Period Model (W, Chapter 9)
- 9) A Real Intertemporal Model with Investment (W, Chapter 11)
- 10) Credit Market Imperfection (W, Chapter 10)
- 11) A Monetary Intertemporal Model (W, Chapter 12)
- 12) Business Cycle Models (W, Chapter 13)
- 13) International Trade in Goods and Assets (W, Chapter 15)
- 14) Financial Intermediation and Banking (W, Chapter 18)

Important Dates:

Sep 7, 2023 – Classes begin.

Sep 11, 2023 – First lecture. No tutorial.

Sep 19, 2023 – First tutorial.

Oct 9, 2023 – Thanksgiving week, no lecture.

Oct 23, 2023 – First midterm exam.

Nov 6-10, 2023 – Fall reading week, no lecture or tutorial.

Nov 27, 2023 – Due date for Assignment 1 (tentative).

Dec 4, 2023 – Second midterm exam.

Jan 8-12, 2024 – Classes begin, first lecture of the semester, no tutorial.

Feb 19-23, 2024 – Winter reading week, no lecture or tutorial.

March 4, 2024 – Third midterm exam.

March 26, 2024 – Due date for Assignment 2 (tentative).

April 1-5, 2024 – Last lecture and tutorial.

Winter 2024 Final Exam Period – Final Exam.