

Department of Economics
University of Toronto
ECO208Y1Y – LEC0101
Macroeconomic Theory
2010-11

Professor Diego Restuccia

Lectures: T10-12 (SS1069)
Tutorials: F12-1pm (SS1069)

Course Description: ECO208 is an intermediate-level course in macroeconomics. The course develops a unified framework that is based on micro-foundations to study macroeconomic events and policy. Topics include: (a) measurement of output, prices, and business cycles, (b) economic growth, (c) analysis of fiscal and monetary policy, (d) business cycles, (e) international trade and exchange rates, (f) unemployment. Data from the Canadian, U.S. and a number of other economies will be used throughout the course.

Textbook: The required textbook for this course is Macroeconomics by Stephen Williamson, Third Canadian Edition (hereafter W). This is an excellent text in macroeconomics and we will follow it closely. There is also a study guide which is recommended but not required. Recommended readings will be announced and posted throughout the course.

Grading and Exam Policy: The course grade consists of term work worth 60% and a final exam worth 40%. Class participation is encouraged and will count positively towards marginal adjustments to the final course grade. No other work will be counted towards the grade. Term work includes three term tests. As an insurance policy, only the best two marks will be counted towards the term grade. There will be NO make-up for term tests. This implies for example that a student who takes one exam and fails to take the other two will receive zero as one of the marks, i.e. 0 for 30% of the final grade. Under no circumstances term weight will be shifted to the final exam. Term tests will be given during class time on October 19, December 7, and March 1. The location for these exams will be announced later during the course of the class.

Web Site: Announcements, lecture notes, suggested problems, and any other class-related material will be posted on Blackboard.

Suggested sample problems will be assigned for each topic but will not be graded. Friday time allocation may be used occasionally for lectures and by the Teaching Assistant (TA) for discussion of problems and solutions. These tutorials will be announced in advance in class and on Blackboard. The TA will hold regular office hours during the Friday time allocation whenever there is no

Tutorial. Students enrolled in this course will be able to use the Economics Study Centre. See the Department of Economics' web page for details.

Outline:

- 1) Introduction (W, Chapter 1)
- 2) Measurement (W, Chapter 2)
- 3) Business-Cycle Measurement (W, Chapter 3)
- 4) Consumer and Firm Behavior (W, Chapter 4)
- 5) A Closed-Economy One-Period Model (W, Chapter 5)
- 6) Economic Growth (W, Chapter 6 and class notes)
- 7) A Two-Period Model (W, Chapter 8)
- 8) A Real Inter-temporal Model with Investment (W, Chapter 9)
- 9) A Monetary Model (W, Chapter 10)
- 10) International Trade in Goods and Assets (W, Chapter 13)
- 11) International Finance (W, Chapter 14)
- 12) Unemployment (W, Chapter 16 and class notes)

Note that the material in some chapters will be complemented with parts of the Mathematical Appendix in the text and additional notes. A full set of lectures will be provided as the class progresses.

Contact Information:

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Office Hours: Tuesday 12-1pm

Some Relevant Dates:

Oct 12 – class and review session

Oct 19 – first term exam

Nov 9 – Fall break, no class

Nov 24 – class and review session

Dec 7 – second term exam

Feb 15 – class and review session

Feb 22 – no class, reading week

Mar 1 – third term exam

Apr 5 – last class and review session

Apr 12 to Apr 29 – final exam period