

# ECO202Y1Y - Macroeconomic Theory and Policy

Dept. of Economics, University of Toronto, Prof. Tyler Paul

Sections L0101 and L0201, Fall 2024 – Spring 2025

## Course Quercus

<https://q.utoronto.ca/courses/357895>

## Course Description

This course will further your understanding of macroeconomic topics, methods, and policy implications. Topics include the measurement of macroeconomic variables, theory and evidence of long-run growth, causes of and policy responses to short-run fluctuations, and the motivation for international trade. We will use the modern approach to studying macroeconomics which involves building mathematical representations of the real world in order to identify the underlying mechanisms behind phenomena observed in the data. You will learn how to translate current and historic events into a formal framework that can be used to make concrete predictions and policy recommendations.

## Learning Objectives

This course has six key learning objectives:

- 1) Articulate the likely macroeconomic consequences of real world events and policy interventions through the lens of a mathematical model
- 2) Recognize a set of facts about macroeconomic activity and appreciate how they inform our modeling assumptions
- 3) Describe three different theories of long-run economic growth and compare their ability to explain real world data
- 4) Use the IS-MP-PC and AS/AD models to analyze how output, inflation, expectations and interest rates adjust following various supply and demand shocks
- 5) Analyze fiscal and monetary policy options for rectifying business cycle fluctuations
- 6) Identify the microeconomic foundations of modern macroeconomic theory

## Course Delivery

This course will be taught **fully in-person** at the St. George campus. We will meet weekly for a two-hour lecture and a one-hour tutorial:

### Lectures

- L0101 meets Thursdays, 11am-1pm in RW 110
- L0201 meets Thursdays, 1pm-3pm in RW 117

### Tutorials

- L0101 meets Mondays, 1-2pm in BA 1130
- L0201 meets Mondays, 1-2pm in AH 400

Lecture attendance is mandatory and forms part of your course grade (see below for details). During lectures I will present core course material from the textbook and other sources as well as work through practice problems with you. Lectures will be recorded and posted online to

Quercus to help you review while studying. All tests will be **in person**, while other forms of assessment will be delivered **online** through Quercus and/or Crowdmark.

TAs will lead tutorials by reviewing lecture material, solving new practice problems step-by-step, and answering any questions you may have. Tutorial attendance is optional but *strongly* recommended. Students who attend tutorials tend to perform significantly better than students who do not.

### Required Textbook

**Macroeconomics**, by **Charles I. Jones**, **6<sup>th</sup> edition**. The text is available through the U of T bookstore. We will be using the book extensively so ensure you have access to a copy. You may use the 5<sup>th</sup> edition as well, though some of the end-of-chapter problems are different. You are responsible for any differences across editions.

### Technology Requirements

To access course materials and submit assignments you will need internet access. To receive in-class participation points you will need to purchase an iClicker account, either from the website or the app: <https://student.iclicker.com/#/login>.

You must use your phone or laptop to access iClicker in class, **not** a physical iClicker remote. If you have previously purchased a physical iClicker remote, you may **register it to your account and avoid paying the subscription fee**. Once registered you will link your remote to the iClicker app and use that instead of the remote. For details on how to register your iClicker remote: <https://teaching.utoronto.ca/resources/student-support/>

### Office Hours

I will hold in-person office hours on **Wednesdays from 2-3:30pm in room 346** of the Department of Economics. I will also hold virtual office hours on **Zoom on Fridays from 11am-12pm**. You can find the link on Quercus. If these times are not well attended I may adjust them to ensure more students have access. The TAs will hold in-person and virtual office hours on a rotating schedule. Please see the schedule posted to Quercus for exact times, dates, and locations.

### Communication

I will post course announcements to Quercus, which will automatically email your U of T address by default. Make sure your notification settings allow announcements to be forwarded to your email. You are responsible for reading all announcements. All course material will be posted to Quercus.

All questions regarding course logistics and administration should be directed to the course email account: [eco202y1y.b@course.utoronto.ca](mailto:eco202y1y.b@course.utoronto.ca). This inbox will be monitored by Department of Economics staff who can answer any queries regarding scheduling, assignment due dates, accommodations, etc. If they are unable to help you they will forward your request directly to me.

If you have a personal matter you wish to discuss privately please contact me at [tyler.paul@utoronto.ca](mailto:tyler.paul@utoronto.ca). I will not answer content or administrative questions at this address. You can expect a reply within three business days of emailing me. Questions relating to course content are best answered during class, tutorials, or in office hours. Additionally we will use [Piazza](#) as an online discussion board. Piazza allows you to post questions (anonymously if you prefer) to your classmates and the TAs. If you know the answer to another student's question feel free to reply, and the TA will mark your answer as correct if they agree. The board will be monitored daily by a TA and myself, and we will answer as many questions as we have time to each day. However, due to the size of the class we may be unable to answer every new question as they come up. Please wait 48 hours before re-asking a question if it hasn't been answered yet. You can access Piazza through a link in the sidebar on Quercus.

At the end of the year, I will give the top two student answerers on Piazza an extra 2 marks to their course grade. Answerer rankings will be weighted by number of endorsed answers, so students who spam low-effort answers will not rank highly.

### Grades, Assignments, and Important Dates

Assignment	Weight	Due date
Class participation (20)	6%	Every lecture
Online quizzes (18)	9%	Every Wednesday at 11:59pm
In-class writing assignments (2)	15%	Fall: Week of 11/11 Spring: Week of 3/17
Midterms (3)	40%	MT1: Week of 10/21 MT2: Fall final exam period MT3: Week of 2/24
Final exam (1)	30%	Spring final exam period

### Class Participation

During each lecture I will ask you to answer several questions regarding the material using your iClicker app. Fully responding to **the majority of questions** during lecture will earn participation credit for that day worth 0.3% of your overall grade. Occasionally missing a question due to using the restroom, phone problems, etc. will not lose points unless it becomes a pattern across several lectures. I will **automatically drop three classes** from your participation grade, which means you only need to participate **in 20 lectures** to receive full credit (since the first lecture does not count).

If you encounter technical difficulties during a lecture and believe your responses were not sent, you must **speak with me after class or email the course inbox ASAP**. You are responsible for checking your Quercus grades to ensure you received participation for each class. The gradebook will be updated within 48 hours of lecture. You have **four days following lecture** to file any claims that the technology failed. After four days we will not provide any accommodation for missed participation points.

## Online Quizzes

Each week I will post a short quiz to Quercus which will ask you a variety of multiple choice and numeric questions regarding the material. This quiz will be graded **for participation only**: if you make an honest attempt to answer each question, you will get full credit. You will receive no credit if you: a) fail to submit the quiz on-time, or; b) clearly do not try to solve the questions. As these quizzes are for participation only, you are free to discuss questions with classmates, work together, reference notes and the textbook, etc.

There will be 22 quizzes in total, and each quiz will be worth 0.5% of your overall grade. I will **automatically drop your lowest four** quizzes over the entire year. This means if you forget to do four quizzes, you will still earn full credit. Submitting all 22 quizzes will not earn any additional points. There will be **no extensions** for quizzes. Late submissions will **receive zero points**.

The purpose of these quizzes is twofold: first, they encourage you to think about the course material outside of lectures and tutorials. Frequent reviewing of content will help you retain knowledge and make studying for exams easier. Second, they give you a low-stakes opportunity to practice the material. Do not stress about getting everything correct, as simply trying will earn you full marks. Instead, treat the quizzes as a chance to test yourself to find any gaps in your understanding.

## In-class writing assignment

Once per term you will complete an in-person writing assignment which tests your reading comprehension and written communication skills. During the assignment you will read selections from popular news articles and answer a series of prompts using words only (i.e. no formulas or symbols). The goal of this assignment is to give you practice interpreting real world events using the models and tools from class. It will also help you learn how to explain economic analysis in an easily understood way. Both of these skills are highly valued by employers.

The total weight for both writing assignments is 15%. The highest scored writing assignment will receive a weight of 10% while the lowest will receive a weight of 5%. For example, if you scored 45% on the first assignment and 85% on the second, you will receive 10.75 course marks ( $10\% \times 85\% + 5\% \times 45\% = 10.75\%$ ), which is a weighted average score of 71.67% across both assignments.

## Midterm and Final Exam

There will be three midterms. Midterms 1 and 3 will be held during normal tutorial hours (Mondays from 1-3pm) and each worth 12.5%. Midterm 2 will be during the Fall final exam period and worth 15%. Midterm 2 will cover all content from the Fall semester. The final exam will be cumulative and thus longer than the midterms. All tests will be closed book. I will post more details about each test as we approach them.

### UPDATE: March 27, 2025

Following an in-class vote on 3/27/25, the course will adopt an additional option for distributing the weight across midterms. This new option involves setting a weight of 0% to a student's **lowest scored** midterm, with the remaining two midterms receiving a weight of 20% each. For example, if a student scored 65% on midterm 1, 78% on midterm 2, and 75% on midterm 3, then midterm 1 would receive a weight of 0% while midterms 2 and 3 receive weights of 20% each. In this case, the student would receive midterm marks worth  $0.78 \times 20 + 0.75 \times 20 = 30.6$ .

This new marking scheme is **optional** – final course marks will be calculated according to both the old and new schemes, with the highest mark of the two methods becoming the student's final course grade.

### Regrade Requests

Regrade requests must be submitted online through an MS Form which we will be post to Quercus. You have **one week following the date the form is posted** to submit a regrade request. After one week we will not honor any regrade requests. When submitting a regrade request please be as specific as possible regarding why you believe your test deserves more points. Be aware that submitting a regrade request may result in a new score that is higher, lower, or the same as your original score.

### Missing Tests Due to Unforeseeable Events

Under normal circumstances, the failure to take a test during the designated time will result in a zero for that test. On rare occasions we will grant special accommodations due to illness, injury, legal issues, personal/family problems, extracurricular conflicts, religious practices, accessibility concerns, or other unusual and serious situations. Missing a test due to, for example, sleeping through your alarm or working late at a job will not receive special accommodations.

In order to be considered for a potential make-up test **you must alert me as soon as you know** you will be unable to attend class. This must be **no later than one week after the test**. I will only consider granting a make-up test for students who contact me later than one week if their situation would reasonably prevent them from contacting me earlier.

To inform me of your inability to attend an in-person test and to request a make-up, please complete these steps:

- 1) Obtain **one** of the following pieces of documentation to verify your absence:
  - i. Absence declaration form via [ACORN](#)
    - When submitting via ACORN, please send the verification email to the course inbox: [eco202y1y.b@course.utoronto.ca](mailto:eco202y1y.b@course.utoronto.ca)
    - Note that you may only use one absence declaration per term across all of your courses. If you have already used this declaration, please provide another piece of documentation.
  - ii. Verification of Illness or Injury Form ([VOI](#))
  - iii. College Registrar's letter
  - iv. Letter of Academic Accommodation from Accessibility Services

- 2) Complete the Missed Term Test form on Quercus and attach your documentation from the previous step. The date at which this is submitted will be used when considering your request. When explaining your absence, you may provide as much detail as you feel comfortable, but **you are not required to reveal anything personal**. If your absence involves a deeply private issue, please seek guidance from your College Registrar first about how to communicate with me.
- 3) One week after submitting the Missed Term Test form you will receive an email from me that will either: approve your request for a make-up; ask for more information; or deny your request. If you feel you I have not treated your request fairly you may contact your College Registrar to mediate.

The above steps **must be followed** to receive consideration. Additionally, you are welcome to contact me via email or in office hours to further discuss your absence, but this is not required. You should also review the Arts and Sciences specific policy details here:

<https://www.artsci.utoronto.ca/current/academics/student-absences>

There will be **one make-up midterm** scheduled for the end of the Spring semester (sometime following midterm 3 but before the final exam period). This exam will cover material from the entire year and will replace your grade on the exam you missed. There will also be one **make-up writing assignment** scheduled for the end of the Spring semester. There will be **no other make-up tests scheduled**. If you miss two midterms you will only be able to make-up one. If you anticipate that may happen please contact your College Registrar as soon as possible to discuss your academic plans.

If you are facing significant difficulties in attending class or completing assignments that continue for longer than a week you should contact your [College Registrar](#) immediately for assistance.

### Notice of Crowdmark

This course will use Crowdmark, a collaborative online grading tool for marking and providing feedback on graded term assessments. Crowdmark provides efficiencies with grading, data recording, returning term assessments and handling regrade requests. Copies of student work marked in Crowdmark, including grading and feedback, will be available online to students for at least one year. Digital (i.e., online) copies will serve as the authoritative record for course administrative purposes, and paper copies of assessments scanned and uploaded to Crowdmark will be destroyed after the term has ended and final grades are approved. If you have questions about how your information is stored on Crowdmark, please contact me via email.

### Notice of Lecture Recordings

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 myself and the University and are protected by copyright. Do not download, copy, or share any course or student materials or videos without my explicit permission. For questions about the recording and use of videos in which you appear, please contact me via email.



## Accessibility, Inclusion, and Support Resources

Students with diverse backgrounds, perspectives, learning styles and needs are welcome in this course. I want the classroom to be an open and welcoming environment where everyone feels comfortable to raise their hand and speak. If you feel there are things I could do better to improve the inclusion in the classroom please let me know.

Additionally, the university provides a variety of support services for students:

- For course catalog questions including prerequisites, please contact the Department of Economics [undergraduate administrator](#).
- If you require accommodations for a disability or health concern please visit the [Accessibility Services Office](#). You can register your needs with [Accessibility Services](#).
- For resources to promote your academic success, visit the [Academic Success Centre](#).
- The university provides all students with free 24-hour access to the [U of T Telus Health Student Support](#) line. You can confidentially speak with a counsellor about any mental health or life issues affecting you, or set-up an appointment for ongoing support. This is a fantastic resource; I suggest using it early, before the stress of the semester piles up, so that you will be more confident to face future challenges.
- For long-term issues that are impacting your academics, contact your [College Registrar](#).

## Academic Integrity

Academic integrity is central to a UofT education. We take academic integrity very seriously, and so should you. As a member of the university community you have committed to act with honesty, trust, fairness, respect, responsibility and courage in all academic matters. No student plans on violating this commitment at the initially, but . Most academic integrity violations occur due to circumstance: fast-approaching deadlines, falling behind in work, worrying about poor performance, or anything that causes stress. In these cases, cheating is **not** the easy way out. Not only do you cheapen the time you spend here, but the risk of failing the class and setting back your academic progress is extremely high. To avoid making an academic integrity violation, follow these guidelines:

- **Do your own work.** We design course work to develop and assess skills useful in upper-level courses and the job market. You lose a valuable opportunity to develop these skills and lower the value of the UofT brand when you cheat.
- **Properly acknowledge other people's ideas.** You'd want the same for your ideas.
- **Ask if you are unsure.** I have tried to be clear about the resources and potential for collaboration allowed on each assignment. If you are still unsure after reviewing the syllabus, please ask me. Being unsure of what constitutes an academic integrity violation is not an excuse, and will still be fully report to the Department of Economics and the Office of Student Academic Integrity.
- 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>).

- Read the University of Toronto's Code of Behavior on Academic Matters (<https://www.artsci.utoronto.ca/current/academic-advising-and-support/student-academic-integrity>).

### Use of Generative AI for Assignments (ChatGPT)

You are not allowed to use any outside aids, including generative AI, during the in-person assignments (midterms, final exam, or writing assignments). You are welcome to use generative AI as a learning aid when studying or completing the online homework quizzes. Please be aware of the limitations of this technology in general, such as hallucinations and inaccurate information, and for our course specifically. Regrade requests which use answers from ChatGPT, for example, will not be successful.

### Topics Outline

Below is a tentative sequence of topics we will cover. The actual order and material covered may differ throughout the year.

Topic	Chapter	Description
<b>Introduction</b>	1-2	Introduction, Macroeconomic Facts
<b>Long Run</b>	3	An Overview of Long-Run Economic Growth
	4	Modelling Long Run Growth: The Production Model
	5	Modelling Long Run Growth: The Solow Model
	17	Investment
	16	Neoclassical Consumption Model
	6	Growth and Ideas
	7	The Labor Market, Wages, and Unemployment
	8	Inflation
<b>Short Run</b>	9	Measuring short-run fluctuations, a simple model
	10	The Great Recession: facts and causes
	11	The IS Curve
	12	Monetary Policy and the Philips Curve
	13	The AS/AD model
	14	Applying the AS/AD model
	15	The DSGE model
<b>Government and International</b>	18	The Role of Government
	19	International Trade
	20	Exchange Rates and International Finance