

# ECO 202Y1Y: Macroeconomic Theory and Policy

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**Course site for all sections:** <https://q.utoronto.ca/courses/357934>

**Communication** (office hours, Piazza, e-mail): see Section 9

## 1. Course Description

The aim of this course is to present an in-depth introduction to the topics and the methodology of modern macroeconomics. The topics include the measurement of macroeconomic variables, long-run economic growth, inflation, recent trends in the labor market, causes of economic recessions and the effectiveness of fiscal and monetary policy against them, as well as international trade and exchange rates.

## 2. 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. Provide a basic explanation for the patterns of international trade and exchange rates determination

## 3. Course Delivery

This course will be taught fully in-person at the St. George campus. We will meet weekly for a two-hour workshop (see section 7.2) and a one-hour tutorial:

### Workshops (see section 7.2)

- L0301 meets Tuesdays, 9am-11am in RW 110
- L0401 meets Tuesdays, 1pm-3pm in RW 117
- L0501 meets Mondays, 3pm-5pm in KP 108

### Tutorials

- L0301 meets Thursdays, 9-10am in RW 110
- L0401 meets Thursdays, 9-10am in RW 117
- L0501 meets Thursdays, 9-10am in FE 114

Workshop attendance is mandatory and forms part of your course grade (see section 8.4 for details). 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.

## 4. Prerequisites, Accessibility and Help

- The [undergraduate administrator](#) may be able to help you with missing [prerequisites](#). Note that I [cannot waive prerequisites](#).
- For accessibility concerns immediately visit <http://www.studentlife.utoronto.ca/as> and register with [Accommodated Testing Services \(ATS\)](#). We can only provide accommodations outside of the accommodations within the design of the course if they are suggested by ATS.
- Everyone must officially declare ALL absences on ACORN.
- If you have trouble, seek help right away from us, the [Academic Success Centre](#) and/or your [College Registrar](#). The Registrar can provide you with comprehensive support and guidance and, where appropriate, contact your professor and advocate on your behalf while protecting your privacy. This requires *working closely* with your College Registrar, and not merely having them restate your requests to your professors. Remember, **for any issues that extend beyond this course, or last more than a week, contact your College Registrar immediately.**

## 5. Technical requirements

Some components of this course (office hours) might be delivered online. Proactively maintain your devices and software. For [Zoom](#), this includes downloading and regularly updating the Zoom Desktop Client. For [Crowdmark](#), you need high-speed internet, a PC or laptop, and the ability to scan (or take pictures of) your assignments and upload them. Immediately contact [The Information Commons Help Desk](#) with any technical issues related to your devices, software, Quercus, or connectivity. We will not accept missed work due to technical difficulty, deadline confusion, internet, or hardware problems.

## 6. Required Readings

The required textbook for this course is ***Macroeconomics*, by Charles I. Jones, 6th Edition**. I will be following the textbook closely for some of the material. For the topics where my coverage differs from the book, my coverage takes precedence. You can use the 5<sup>th</sup> edition of the textbook, but some aspects, such as end of chapter questions, might differ from the 6<sup>th</sup> edition. You are responsible for the differences across the editions. You can purchase the text at the UofT Bookstore.

## 7. Course Delivery Details

### 7.1 Pre-recorded Lectures

Each week, part of the course material (main theories and technical details) will be delivered via pre-recorded lectures. They will be posted with slides on Thursdays each week starting on the Thursday September 5<sup>th</sup> 2024. 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 before the associated in-person Workshop. For best results, try to mimic your behavior in live lectures: block out a regular time to watch the material and avoid distractions.

Do not share any of the course materials. 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. 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.

## 7.2 In-person Workshops

During the course calendar times on **Tuesdays (sections 0301 and 0401)** and **Mondays (section 0501)**, we will meet for in-person workshops. During the workshops, I will answer some of your questions, 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. We will also have a small, timed assessment almost every workshop which will be part of your participation grade (see section 8.4 for more details).

You must attend with your ACORN section and at your assigned time: we cannot permit you to switch times for any reason. Do not schedule any conflicts during any of your ACORN time slots. For more information on assigned times, please see [Quercus](#). The in-person workshops will not be recorded, so if you can make it, please make sure to attend the workshops.

## 7.3 Possible alternative arrangements

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 2-hour in-person lecture format. The idea to split the content of the course into a pre-recorded video part and an in-person active part stems from the students' feedback and my own experience over the years with online synchronous lectures that were subsequently recorded: the students appreciated having the recordings of the lectures, while at the same time enjoying the live synchronous components of lecturing where they could ask their questions, talk about current events with me and discuss the insights of the models that we learned. This is the atmosphere that we are trying to mimic with the above setup, with the added benefit of in-person interaction. If it turns out to be unsuitable for in-person learning, we will switch to the standard two-hour in-person lectures.

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

## 7.4 Tutorials

In-person tutorial sessions will be run by TAs on **Thursdays** at 9-10am (see section 3 for locations). Please attend the tutorials with your ACORN section.

Weekly TA tutorials help you actively work with difficult course material and hone your problem-solving skills to deepen your understanding of course concepts. The TA will go over problems related to the course material, so they present the perfect opportunity for you to get more practice engaging with economic models and concepts presented during lectures. Some of the tutorial questions will be posted in advance. To make the most out of tutorials, watch the week's lectures and complete the readings (if you choose to do the readings), as well as attempt the tutorial problems before you attend the tutorials.

## 8. Marking Scheme and Important Dates

The table presents an overview of important deadlines for the course

Date	Term Work	Weight
Week of October 21, 2024	Midterm 1	12.5%
Week of November 11, 2023 Week of March 17, 2025	In-class Writing Assignment 1 In-class Writing Assignment 2	15% in total
Fall Final Exam period	Midterm 2	15%
Week of February 24, 2025	Midterm 3	12.5%
Winter Final Exam period	Final Exam	30%
Throughout the Course (See Section 8.4)	Participation: 12 Problem Sets	8%
Weekly (See Section 8.4)	Participation: Workshop Assessments	7%

Quercus will give precise details for each assessment, including penalties for lateness, when applicable.

The marking scheme above presumes that all three term tests, the two writing assignments and the final exam are in-person as planned. The planned format of assessments and activities may change and the **weights may need to change** in unexpected ways if the course ends up significantly disrupted by events outside of our control. As always, you are expected to keep a sharp eye on our [Quercus](#) site for announcements and information. Be prepared for disruptions and changes.

## 8.1 Term Tests (40%)

There will be 3 terms tests held in-person for the course during regular tutorial times:

- Midterm 1 (12.5%) October 24<sup>th</sup> 2024
- Midterm 2 (15%) during the Fall Final Exam period
- Midterm 3 (12.5%) February 27<sup>th</sup> 2025

Exact coverage and details of how the test will be administered will be posted on Quercus in advance of each test. **No collaboration** is allowed. All midterms may be cumulative.

## 8.2 Final Exam (30%)

The final exam will be held in-person during the Winter Final Exam Period. Further details will be posted on Quercus at the end of the Winter term when the exam schedule becomes available. The final assessment **is** cumulative and will cover all of the material presented in the course. **No collaboration** is allowed.

## 8.3 Writing Assignments (15% total)

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 and academic 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 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.

## 8.4 Participation (15% total)

The participation grade consists of two main components: In-workshop Timed Assessments (7%) and Problem Sets (8%). In rare cases, it may further be supplemented by the overall assessment of your engagement in the course (office hours attendance and participation, contribution to Piazza).

### 8.4.1 Participation 1: In-Workshop Timed Assessments (7%)

Starting in Week 2 of each semester, at the beginning of each workshop, you will be given a short (10-20 mins) timed assessment which would consist of exam-type questions or writing assignment type questions. The point of this type of assessment is to prepare you for the in-person Term tests and the in-person writing assessments, so that you have ample practice with the time pressure of the assessments, with reading and understanding the questions and with writing your answers with pen and paper.

- There will be 22 timed assessments in total, but only **14** will count towards your participation grade at **0.5%** each (**7%** in total).

- There will be NO timed assessments during the first workshop of the Fall term and the Winter term.
- The assessments 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) miss or fail to submit the assessment during the workshop, or; b) clearly do not try to solve the questions.
- The point of the assessment is to give you practice for the in-person term tests and writing assessments. As such, these assessments will be held in exam-type environment: closed book, timed and with no collaboration allowed.

#### 8.4.1 Participation 2: Graded Group Problem Sets (8%)

There are 12 Graded Group Problems due on Fridays throughout the course starting on September 13<sup>th</sup> 2024.

- Each Graded Group Problem will be worth **1%** of your total grade. The **four** lowest scores will be automatically dropped in the computation of your final grade.
- You will typically have 2 weeks to complete them, except for the first problem set in each term where you will only have 1 week to complete them.
- They will typically consist of a combination of numeric calculation, short answer questions and long-answer questions and be available on Crowdmark.
- You can complete the problem sets as part of a group of up to 4 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 problem sets.
- All the members of a group would get the same mark for the problem set.
- The assessments 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) miss or fail to submit the assessment before the deadline, or b) clearly do not try to solve the questions.
- The problem sets will be cumulative (you can expect around 50% of the problem sets to cover the previous week's material and 50% to cover past material throughout the course).
- The problem sets are open-book/open-notes, so feel free to consult any material that you find relevant.

The purpose of these problem sets is twofold: first, they encourage you to think about the course material outside of lectures and tutorials. Second, they give you a low-stakes opportunity to practice for the term tests and the writing assessments and to engage with the material deeper as some questions may be more challenging than others. Do not stress about getting everything correct, as simply trying will earn you full marks. Instead, treat the problem sets as a chance to test yourself to find any gaps in your understanding.

#### 8.7 Remark 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. No remarks will be possible for the participation elements of the course.

#### 8.8 Extensions and Make-Ups

Any missed work earns a mark of zero. This section explains special accommodations for: illness, injury, personal/family problems, joining our course late, religious reasons, extracurricular conflicts, technology problems, internet or power outages, quarantine issues, travel issues, accessibility concerns, and/or other challenging situations. **Remember, for significant challenges which last more than a week work with your College Registrar immediately.**

To accommodate students who cannot attend up to eight workshops, we drop the eight worst weeks of the timed assessments. To accommodate students who cannot complete 4 problem sets, we drop the four worst scores. Save these accommodations for illness or other emergencies entirely outside of your control: do not miss the coursework because you are busy or for any potentially avoidable reasons. Any additional accommodations for the participation elements of the course beyond the ones requested by the ATS or outlined above are extremely limited and completely at our discretion.

For ongoing injury, illness, or personal/family problems that last longer than 5 days you must contact your College Registrar immediately <https://future.utoronto.ca/current-students/registrars/>.

### 8.8.1 Missed Term Tests and Writing Assignments

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: [eco202.denislamova@utoronto.ca](mailto:eco202.denislamova@utoronto.ca)
    - Note that you may only use one absence declaration per term across all 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 Test or Assessment 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 Test or Assessment 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 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 Winter 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 Winter 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.

## 9. Communication

The course email is [eco202.denislamova@utoronto.ca](mailto:eco202.denislamova@utoronto.ca). Use this email address for all course organization related questions, questions regarding Accessibility accommodations, problem sets, assessment problems, tutorials etc. Any

content questions or questions that other students would like the answer to should be posted on Piazza. Emails about course content will be redirected to Piazza and office hours.

The instructor's email is [o.denislamova@utoronto.ca](mailto: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. I will do my best to respond to the shorter emails within 2 business day and to the longer emails within 5 business days.

## 9.1 Office Hours

I will be holding 1 virtual and 1 in-person office hour session during the week (times will be posted on Quercus). The online sessions will not be recorded so that students feel comfortable actively participating. You can find the link on Quercus. If these times are not well-attended, I may adjust them to ensure that more students can access the office hours. The TAs will hold in-person and virtual office hours. Please see the schedule posted on Quercus for exact times, dates and locations.

## 9.2 Piazza

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. We will also answer questions requiring an instructor's response (e.g. about the syllabus). 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. 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.

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.

## 10. Academic Integrity

Academic Integrity is central to a UofT education. We take academic integrity very seriously, and so should you. Please do not put yourself, your classmates, the TAs and me in a terrible situation by engaging in academic integrity violations. Even if you are suffering stress, under extreme pressure, far behind, facing failure, and/or lacking self-confidence, cheating is not worth it. Dealing with infractions is incredibly stressful for everybody involved and can take many, many months to resolve, which may affect your ability to take courses next year. In order to avoid an academic integrity infraction, follows 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 you if are unsure.** Unless explicitly told otherwise, assume that you CANNOT discuss ANY graded work with anyone—this includes classmates, friends, family, tutors (paid or unpaid), neighbors, literally anyone. Checking websites for answers, posting your work for others to use, collaborating, soliciting/receiving answers, stating false or misleading information related to assessments, etc., are examples of actions that violate Academic Integrity unless explicitly allowed. Unintentional mistakes or confusion are not a defense.



- 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>).
- Please read this link and sublinks: <https://www.artsci.utoronto.ca/current/academic-advising-and-support/student-academic-integrity>

## 10.1 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 group problem sets. 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.

## 11. Anticipating Challenges, Changes and Disruptions

I would strongly suggest you make your best efforts starting immediately and, on every assessment, and every participation opportunity. Do not count on future work to achieve the course grade you are hoping for. Beyond challenges that may affect you, all dates and details in this syllabus are subject to adjustment should any situations arise that disrupt our original plans for the course. The planned format of assessments and activities may change and the weights may need to change in unexpected ways if the course ends up significantly disrupted by events outside of our control. As always, you are expected to keep a sharp eye on our [Quercus](#) site for announcements and information.

## 12. Topics Outline

Below is the tentative topics outline for the course. The actual pace and content may differ.

Topics	Chapter(s)	Description
Introduction	1-2	Introduction to macroeconomics and macroeconomic measurement
The Long Run	3	Trends in Economic Growth
	4	Modelling Long Run Growth: The Production Model
	5	Modelling Long Run Growth: The Solow Model
	17	Investment: introduction
	6	Ideas and Economics Growth
	16	Consumption: Introduction
	16	Consumption: borrowing constraints
	7	Labor Markets
	17	Investment
	8	Money and Inflation in the Long Run
Short Run	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
Government & International Macro	18	The Role of Government
	19	International trade
	20	Exchange rates and international finance