ECO 202Y1Y: Macroeconomic Theory and Policy

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Course site for all sections: https://q.utoronto.ca/courses/397488

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 two-hour tutorial:

Workshops (see section 7.2)

- L0401 meets Tuesdays, 9am-11am in RW 117
- L0501 meets Tuesdays, 1pm-3pm in RW 110

Tutorials

- L0401 meets Thursdays, 9-11am in RW 117
- L0501 meets Thursdays, 9-11am in RW 110

Tutorial 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.

4. Prerequisites, Accessibility and Help

- Contact the undergraduate administrator for help with prerequisites. The instructor 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.
- 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 course components (office hours) may be 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 follow the textbook for most of the material. For the topics where my coverage differs from the book, my coverage takes precedence. You can use the 5th edition of the textbook, but some aspects, such as end of chapter questions, might differ from the 6th 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, core material (theories and technical details) will be posted as pre-recorded lectures with slides, starting September 4th 2025, and continuing weekly on Thursdays. This way, you can go over the material and take notes at your own pace. You are required to watch the lecture before the associated in-person Workshop. For best results, treat them like live lectures: block out a regular time to watch the material and avoid distractions.

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. Do not copy, share, or distribute them without the instructor's explicit permission.

7.2 In-person Workshops

During the course calendar times on **Tuesdays** 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. Workshop attendance is optional but strongly recommended. Students who attend workshops tend to perform significantly better than students who do not.

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 please make every effort to attend.

7.3 Possible alternative arrangements

The current format (pre-recorded lectures + in-person workshops) is based on student feedback and past experience: students value recorded material for review and live sessions for questions and discussion. This setup aims to combine both, with the added benefit of in-person interaction.

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

Tutorials make up **10% of your final grade** ($\frac{2}{3}$% each). There are 18 tutorials in total; you may miss up to **3** without penalty. In tutorials you will work in groups to solve problems. Tutorials are **graded for participation**: full credit requires an honest attempt; no credit for missed or blank submissions. TAs will provide a review of important concepts and be available to answer questions and provide guidance as you work.

8. Marking Scheme and Important Dates

The table presents an overview of important deadlines for the course:

Date	Term Work	Weight
October 16, 2025	Midterm 1	**15%**
November 20, 2025 March 26, 2026	In-class Writing Assignment 1 In-class Writing Assignment 2	**5%** **5%**
Fall Final Exam period	Midterm 2	**20%**
February 26, 2026	Midterm 3	**15%**
Winter Final Exam period	Final Exam	**25%**
Throughout the Course (See Section 8.4)	Participation: 12 Problem Sets	**5%**
Weekly (See Section 8.4)	Participation: Tutorial Participation	**10%**

8.1 Term Tests (50%)

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

- Midterm 1 (15%) October 16th 2025
- Midterm 2 (20%) during the Fall Final Exam period
- Midterm 3 (15%) February 26th 2026

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 (25%)

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 (10% total)

Once per term you will complete an in-person writing assignment which tests your reading comprehension and written communication skills. Each writing assessment will be worth **5%** of your final grade. 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.

8.4 Participation (15% total)

The participation grade consists of two main components: Tutorial Participation (10%) and Group Problem Sets (5%). 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: Tutorial Participation (10%)

Starting in **Week 2**, tutorials will run weekly and focus on group problem solving. You will work with your peers to complete problems and submit your work at the end of the tutorial.

There are **18 tutorials**, worth $\frac{2}{3}$ **% each** for a total of **10%** of your final grade. You may miss up to **3** without penalty, so only your best **15** count. Tutorials are **graded for participation**: full credit requires an honest attempt; no credit for missed or blank submissions. TAs will provide a review of important concepts and be available to answer questions and provide guidance as you work.

8.4.2 Participation 2: Graded Group Problem Sets (5%)

There are **12** graded problems, due on some Fridays worth **0.5%** each **(total 5%, lowest 2 dropped).** Each assignment will be posted on Crowdmark, open for 1–2 weeks, and include a mix of numeric, short-answer, and long-answer questions.

You may work in **groups of up to 4** (one submission per group, with all names listed). All group members receive the same mark, but you may change groups as frequently as you want.

Grading is **for participation only**: full credit requires an honest attempt at every question; no credit is given for missed or blank submissions. Problem sets are cumulative (covering recent and earlier material) and are open-book/open-notes.

8.5 Remark Requests

Regrade requests must be submitted online through an MS Form which will be posted to Quercus. You have two weeks following the date the form is posted to submit a regrade request. Your mark may remain unchanged, go up, or go down. These are given a fair look: TAs are not seeking to penalize those with genuine marking concerns. Requests are reviewed after the two-week deadline, not immediately. We will not consider any remark requests after the deadline. Note that there is no "reply" to remark requests: after they are processed, any changes will automatically appear on your Crowdmark paper (the most common result is no change.)

8.6 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 three tutorials, we drop the three worst weeks of the tutorial participation. To accommodate students who cannot complete 2 problem sets, we drop the two 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/ .

8.6.1 Missed Term Tests and Writing Assignments

To be considered for the Makeup Term Test or the Makeup Writing Assessment

1. Complete the Missed Test or Assessment form on that will be published on Quercus. We expect the MS form to be submitted BEFORE the missed test or assessment. We do NOT wish to see documents from medical professionals.
2. One week after submitting the Missed Test or Assessment form you will receive an email 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 talk to me after class 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

In person: Class meetings are the main place for communication. For one-on-one discussion, check Quercus for my office hours. Before each term test and the final exam, TAs will also hold in-person Office Hours.

Online:

- Use **Piazza** for course content questions. You can register via Quercus (left tool bar). 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.

- Use the **course email (eco202.denislamova@utoronto.ca)** for administrative matters (e.g., accommodations, grades, test/exam issues, missed work). Emails about content will be redirected to Piazza or office hours.

Important: I do **not** respond to emails sent to my personal university email address or to messages directed at me on Piazza. Please use class meetings and office hours to speak with me directly. Please see the schedule posted on Quercus for exact times, dates and locations.

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, 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 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

You are not allowed to use any outside aids, including generative AI, during the in-person assignments (midterms, final exam, writing assignments and tutorial participation questions). 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. 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
	7	Labor Markets
	16	Consumption: Introduction
	16	Consumption: borrowing constraints
	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