

Department of Economics  
University of Toronto  
ECO208Y1 – L0101  
Macroeconomic Theory  
2015-16  
Professor Michelle Alexopoulos

Lectures: T11-1, Location OI G162 (Sept – Dec), EM001 (Jan-April)

Tutorials: F2-4pm, Location RW110 (Sept – Dec), EM001 (Jan-April)

TAs: There are three TAs assigned to the course. They are:

Scott Orr (scott.orr@mail.utoronto.ca)

Wanlin Chen (wanlin.chen@mail.utoronto.ca)

Leandro Freylejer (leandro.freylejer@mail.utoronto.ca)

**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 covered in the course 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.

**Prerequisites:** The following courses are prerequisites for this course: ECO100Y1; MAT133Y1/(MAT123H1,MAT124H1)/(MAT135H1, MAT136H1)/MAT137Y1/MAT157Y1. Students are responsible for ensuring any prerequisites for this course have been fulfilled. Prerequisites must be completed before taking a course. By taking this course, you acknowledge that you can be removed from the course at anytime if you do not meet all requirements. For further information, please consult the Course Calendar available from the Registrar's Office.

**Textbook:** The required textbook for this course is Macroeconomics by Stephen Williamson, Fourth Canadian Edition (hereafter W). The book is available at the University of Toronto Bookstore (214 College Street). This is an excellent text in macroeconomics and we will follow it closely. Recommended readings will be announced and posted throughout the course.

**Grading and Exam Policy:** The course grade consists of term work worth 65% and a final exam worth 35%.

Term work includes three term tests and two written assignments. Tests will be written during class time or in tutorial in the regular room assigned for the course.

While three tests will be given, as an insurance policy, only the best two of the three tests will be counted towards the course grade. Each of these tests will count for 25% of the final 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 25% of the final grade. Under no circumstances will term weight be shifted to the final exam.

Each of the written assignments will count towards 7.5% of the course grade. These will build and expand on material covered in the course. Details will be given in class.

Assignments will be ***due online with a paper copy to be handed in at the beginning of class*** the date they are due. There will be a late penalty of 10% per day (including holidays and weekends). The late penalty may be waived if the student is ill and provides appropriate medical documentation. If a student fails to submit an assignment during the course for any reason, he/she will receive a grade of zero for the assignment. Only the University of Toronto's official "Verification of Student Illness or Injury" form signed by a medical doctor will be accepted as proof of illness for missed work/tests. On the form, the doctor must confirm that the student is too ill to complete the assignment by the due date or to write the test. In the event that this occurs for the assignment, the student is required to contact Prof. Alexopoulos notifying her of the illness on the date the assignment is due, and the student must hand in the medical form within one week. The student is expected to hand in the assignment by the date the doctor indicates as 'the anticipated end date' on the form. The assignment will be considered late after that date and the late penalties will apply unless a new medical form is provided with updated medical information that would enable a further extension on medical grounds.

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 tests will be given during class time. The location for these exams will be announced at a later date. More details on the exams will be given during the course of the lectures.

**Re-grading Policy:** Students who want to have a term test or assignment re-graded must submit a re-grade form ***within two weeks of receiving the grade***. The re-grade form is available on the class website.

**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. The Friday time allocation will be generally used for Tutorials given by Teaching Assistant (TA) for discussion of problems and solutions and for answering questions. Solutions to problems will not be posted. Tutorials will generally be held every Friday starting on September 25. The Friday time allocation may be occasionally used for lectures in which case will be announced in class and on Blackboard. Students enrolled in this course will be able to use the Economics Study Centre. See the Department of Economics' web page for details.

*General Outline of Topics Covered:*

- 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) Unemployment (W, Chapter 6)
- 7) Economic Growth (W, Chapter 7-8)
- 8) A Two-Period Model (W, Chapter 9)

9) A Real Inter-temporal Model with Investment (W, Chapter 11)

10) A Monetary Model (W, Chapter 12)

11) Business cycle Models (W, Chapters 13-14)

12) International Trade in Goods and Assets (W, Chapter 15)

13) Money and Banking (W, Chapter 16-17)

Note that the material in some chapters will be complemented with parts of the Mathematical Appendix from the textbook and from additional notes.

*Contact Information for Prof. Alexopoulos:*

E-mail: [malex@chass.utoronto.ca](mailto:malex@chass.utoronto.ca).

Office: 205, Max Gluskin House, 150 St. George Street

*Office Hours:* Tuesday 1-2pm

Schedule for TAs Office Hours for TAs will be posted on Blackboard shortly.

E-mail Policy: The best form of communication in this course is in person, either with me or the TAs during lecture, tutorials, and office hours. In the event that an e-mail communication is needed, please make sure to always identify yourself and to use your UTOR e-mail account (the “utoronto” account). E-mails from other accounts may not reach my INBOX.

*Some Relevant Dates:*

Sept 15 – First day of Class

Oct 2- First tutorial

Oct 20 – First term exam

Nov 9-10– Fall break, no class

Dec 8 – Second term exam

Jan 11- Classes resume

Feb 13 – Third term test

Feb. 15 – Last day to drop course without academic penalty

Feb 15-19 – No classes, tutorial or office hours (reading week)

March 25 – Good Friday (University closed, no tutorial)

April 8– Last class and review session

Apr 12 to Apr 29 – Final exam period