ECO 407
Competing Views in Macroeconomic Theory and Policy

INSTRUCTOR
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OFFICE HOURS
Monday, 4:30 – 5:30 PM

COURSE DESCRIPTION
This course provides students with a systematic analysis of competing perspectives on key areas of macroeconomic theory and policy. The aim of the course is to help economics students develop their critical skills by highlighting the strengths and weaknesses of current macroeconomic theory as articulated by their defenders and critics. Special attention will be paid to competing views regarding key fiscal, monetary, and trade policy issues as applied to Canada.

REQUIRED TEXTBOOKS

COURSE REQUIREMENTS
• A written critical reflection on the required readings of one of the sessions (see guidelines below). The reflection should be about 800 words in length (3 to 4 double-spaced pages). Please be ready on January 17th to provide a list of four sessions, beginning with session 3, on whose required readings you would like to write your critical reflection. Within 24 hours, you will receive an e-mail with information about the assigned session for your critical reflection. Submission will be due at the beginning of class of the assigned session. Please note that late submissions will not be accepted.
• A term paper on a topic related to any of the weekly course themes. This essay will be due at the beginning of class on March 7 for most students, and on March 14 for those students who must submit their critical reflection on March 7. The essay must reflect readings beyond the sources listed in this outline. The paper should be about 2,500 words in length (10 to 12 double-spaced pages). Late penalty: 5 percentage points per day, excluding weekends.
Note that, in addition to providing a hard copy, students will be asked to submit their critical reflections and term papers to Turnitin.com for the detection of possible plagiarism. The detailed procedures for submission will be announced later.

The University requires that the following paragraph be included in the syllabus of all courses using Turnitin.com:

"Normally, students will be required to submit their course essays to Turnitin.com 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 Turnitin.com reference database, where they will be used solely for the purpose of detecting plagiarism. The terms that apply to the University’s use of the Turnitin.com service are described on the Turnitin.com web site”.

Please note that you are not obligated to submit your paper to Turnitin.com. If you object to submit your paper to Turnitin.com, let me know by February 7th and I will offer you a reasonable offline alternative.

- A two-page tentative outline of the term paper, including the title, main theme, sub-sections, and a bibliography of at least six key readings will be due at the beginning of class on February 7. There will be a penalty for late submission of 5 percentage points (of the term paper grade) per day, excluding weekends.
- A term test covering the term’s work will be written from 10:00 to 12:00 AM on April 4.
- Participation in class discussions will also form part of the total mark. Students must read the required readings in advance in order to have a stimulating seminar. A weekly set of questions about the required readings will be provided in advance to facilitate your preparation.

### COURSE EVALUATION

The breakdown of the term grade will be as follows: 1) the critical reflection will count for 20% of the final mark; 2) the term paper will count for 40% of the final mark; 3) the term test will count for 25% of the final mark; and 3) class participation will count for the other 15% of the final mark.

### GUIDELINES FOR WRITING THE TERM PAPER

There are several Writing Centres at the University of Toronto where you can receive helpful information to guide you in writing an academic essay. A list of these Writing Centres can be accessed at http://www.writing.utoronto.ca/writing-centres/centres. More general advice on
academic essay writing can also be electronically accessed at http://www.writing.utoronto.ca/advice/general/general-advice.

ACADEMIC INTEGRITY

Academic integrity is one of the cornerstones of the University of Toronto. It is critically important both to maintain our community which honours the values of honesty, trust, respect, fairness and responsibility and to protect you, the students within this community, and the value of the degree towards which you are all working so diligently.

According to Section B of the University of Toronto’s Code of Behaviour on Academic Matters (www.utoronto.ca/govcncl/pap/policies/behaveac.html) which all students are expected to know and respect, it is an offence for students:

- To use someone else’s ideas or words in their own work without acknowledging that those ideas/words are not their own with a citation and quotation marks, i.e. to commit plagiarism.
- To include false, misleading or concocted citations in their work.
- To obtain unauthorized assistance on any assignment.
- To provide unauthorized assistance to another student. This includes, for instance, showing another student an answer in a test.
- To submit their own work for credit in more than one course without the permission of the instructor.
- To falsify or alter any documentation required by the University. This, includes, but is not limited to, doctor’s notes.
- To use or possess an unauthorized aid in any test or exam (e.g., a cell phone).
- To submit a medical note to get out of a test when the student is not actually sick.
- To continue writing when the time is up in any test or exam.

There are other offences covered under the Code, but these are by far the most common. Please respect these rules and the values which they protect.

COURSE OUTLINE AND READING ASSIGNMENTS

This outline identifies required readings for each topic (*) plus select supplementary readings. You should find the latter useful in preparing your critical reflection and essay and following up on a subject which particularly interests you. Newspaper or magazine articles might also be added as required readings from time to time. Obviously, you must read the required readings each week if we are to have a stimulating class discussion.

1. The Market System and the Public Sector (January 10)

*Watson, W., “‘Let the Market Work!’ The Market and the Public Sector,” in Introducing Macroeconomic Analysis, Chapter 1, pp. 9-21.
*Chang, H.J., “There Is No Such Thing as a Free Market,” in 23 Things They Don’t Tell You about Capitalism, Chapter 1, pp. 1-10.
*Chang, H.J., “We Are Not Smart Enough to Leave Things to the Market,” in 23 Things They Don’t Tell You about Capitalism, Chapter 16, pp. 168-177.

Supplementary Readings:


2. The Determinants of Consumption and Saving (January 17)

* Bodkin, R.G., “Consumption Theory at the Turn of the Millennium,” in Introducing Macroeconomic Analysis, Chapter 3, pp. 65-78.

Supplementary Readings:


3. The Determinants of Investment (January 24)

* Scarth, W., “What Drives Investment? An Orthodox Perspective,” in Introducing Macroeconomic Analysis, Chapter 4, pp. 91-100.
* Chang, H.J., “Companies Should Not Be Run in the Interest of Their Owners,” in 23 Things They Don’t Tell You about Capitalism, Chapter 2, pp. 11-22.
*Chang, H.J., “Capital Has a Nationality,” in 23 Things They Don’t Tell You about Capitalism, Chapter 8, pp. 74-87.

**Supplementary Readings:**


4. **Why Is There Unemployment? (January 31)**


**Supplementary Readings:**


5. Is Government Spending a Source of Stability or Instability? (February 7)

[Note: Essay outline is due.]


**Supplementary Readings:**


6. Should Central Banks Be Targeting Inflation? (February 14)


**Supplementary Readings:**


7. Should Central Banks Be Independent? (February 28)


Supplementary Readings:

8. Should Full Employment Be a Policy Objective? (March 7)

[Note: Term paper is due.]


Supplementary Readings:

9. Is Trade Liberalization Good or Bad for the Economy? (March 14)

*Beaulieu, E., “The Economics of Trade Liberalization,” in Introducing Macroeconomic Analysis, Chapter 10, pp. 245-255.
Supplementary Readings:


10. Should Financial Flows Be Regulated? (March 21)


Supplementary Readings:


11. Should Countries Float, Fix or Dollarized? (March 28)


**Supplementary Readings:**


12. Term Test (April 4)