Instructor Contact Information:
Dr. Lingling Zhang
Office: LEA434
E-mail: lingling.zhang@mcgill.ca
Facebook: /lingling.zhang.9461
Twitter: @linglingzhang3 (Hashtag: #mge409)

Office hours: TUSDAYS 1:00-2:00PM AND THURSDAYS 1:00-2:00PM at LEA434
or by appointment

Regular classes:
Times: TTH10:05am-11:25am
Room: ENGMC 304

Textbooks:
MyLab Economics with Pearson eText -- Access Card Package, 16/E

Nature of this Course.
The goal in teaching this course is to help spark your interest in economics by introducing
you to some of the most important principles and policy debates in macroeconomics. Not
all chapters will be covered in the textbook (we will miss 7 of the total of 19), but will
hopefully cover those fewer topics with more depth.

Supplementary Readings.
I will supplement the textbook with several readings from newspapers, magazines or
academic journals. Most of these will be available on MyCourses.

Three Exams.
There will be three exams. The first two are in-class exams.
The Exam 1 is scheduled on Feb. 13th, 2020.
The Exam 2 is scheduled on March 19th, 2020.
The final exam will be scheduled by the university during the final exam period.

The higher grade of the two on your first two exams will make up 30% of your final
course grade.
Your grade on final exam will make up 40% of your final course grade.
Your grade on the second critique will make up 20% of your final course grade (see more details below).

**Two Critiques.**
Each of you individually chooses one short article (no more than 1000 words) that interests you in a well-known journal or newspaper (in English only), e.g., the Economist, the Financial Times, or the New York Times. You will be asked to write two critiques of the article you choose. Each of your critique shall be handed in with a photocopy of the article. The first critique should be handed in class no later than September 22nd, 2009. The second critique will be accepted only if the first has been handed in on time. The second is due on Dec. 1st, 2009.

Only the second critique will be graded and its grade will make up 20% of your final course grade. Tardy critiques will not be accepted and will be assigned a grade of zero, except with a valid medical excuse. Both critiques should not exceed 5 pages and should be double spaced; single sided with 12-point font. Feel free to ask me questions that are not included here.

**Attendance:** Attendance and participation are worth 10% of your final grade. I will take attendance at every class. There will be 26 lectures. You will earn 1 point each time you attend class (except the exam dates), for a maximum of 20 points. Therefore, you could miss a few classes without affecting your attendance score.

**Broad Description of Course**
This course is designed to introduce you to the basics of macroeconomics, as well as some beyond-the-basics topics such as open-economy macro, fiscal and monetary policy, and unemployment. Some emphasis will be placed on existing debates in the design and conduct of macroeconomic policy.

**Preliminary Course Outline**

**Part A: The Basics**

**Section 1. Introduction to Macroeconomic Issues** (4 lecture)

**Topics Include:**
- definitions of key macroeconomic variables
- the circular flow of income (income v. production v. expenditure)
- the measurement of aggregate prices and quantities
Section 2. The Real Economy in the Short Run (8 lectures)

Topics Include:
- determinants of planned consumption and investment
- the concept of equilibrium aggregate output
- what is the “multiplier”? 
- Aggregate Demand (AD) and Aggregate Supply (AS) curves

Readings:
- Chapter 21: The Simplest Short-Run Macro Model
- Chapter 22: Adding Government and Trade into the Simple Macro Model
- Chapter 23: Aggregate Supply and Aggregate Demand in the Short-Run

Section 3. The Adjustment Process (2 lecture)

Topics Include:
- the concept of potential output
- price adjustment and the output gap (the Phillips Curve)
- demand shocks versus supply shocks

Readings:
- Chapter 24: From the Short-Run to the Long-Run

Section 4. Productivity and Long-Run Economic Growth (2 lecture)

Topics Include:
- short-run versus long-run macro relationships
- the basics of growth accounting
- the relationship between saving, investment and growth 
- the economics of ideas and “new” growth theory

Readings:
- Chapter 25: Long-Run Economic Growth

Section 5. Money, Monetary Policy, and Inflation (2 lectures)
Topics Include:
- the nature of money, central and commercial banks
- the interest rate and monetary equilibrium
- the transmission mechanism of monetary policy
- short-run non-neutrality and long-run neutrality of money
- the costs of inflation; the benefits of low inflation

Readings:
Chapter 27: Money and Banking
Chapter 28: Monetary Policy in Canada

Part B: Topics Beyond the Basics

Section 6. Government Debt and Deficits (2 lecture)

Topics Include:
- the government budget constraint: primary versus actual deficits
- the dynamics of the debt-to-GDP ratio
- public, private and national saving: Ricardian Equivalence
- the long-term burden of government debt

Readings:
Chapter 31: Government Debt and Deficits

Section 7. Open-Economy Macroeconomics (2 lectures)

Topics Include:
- balance of payments accounting
- market-determined exchange rates
- should we care about current-account deficits?
- is there a “right” value for the exchange rate?

Readings:
Chapter 34: Exchange Rates and the Balance of Payments

Section 9. Wrap-up and Review (1 lecture)

Topics Include:
- putting the short run and long run in perspective
- New Keynesian versus New Classical
- Some recent history of macroeconomic ideas