

Macroeconomic Analysis & Applications

ECON 209 (Section 003)

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McGill University
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Course description and objectives

The course aims to introduce students to the major issues facing the world's economies, to the methods that economists use to study those issues, and to the policy problems that those issues create. The goal is to give students a sufficient understanding of the definition and determinants of aggregate variables in the economy. Topics include: introduction and preliminaries; GDP and national accounts; the basic macroeconomic model; money; inflation; unemployment; fiscal and monetary policy; trade policy; financial crisis and recession. The course assumes that students have taken ECON208 or equivalent.

Study Hints: I strongly recommend that you keep up with the readings as the lectures progress - don't leave them until exam time, it is very easy to get behind, and difficult to catch up when you do. Economic reasoning builds upon itself, so you need to understand each part as we go along. Lectures and conferences are very important. Lecture notes will be posted on the MyCourses web site. Answers to conference questions will not.

Math requirements: A working knowledge of arithmetic and a small amount of basic algebra should be enough.

Administrative Issues

3 credits.

2 lectures per week, Tue and Thurs 8:30pm-10:00am in MAAS 112

Contact:

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office hours: Tue and Thurs 10:30-11:30am and 2:30-3:30pm in Leacock 320.

Text and learning tools: The **textbook** for this course is the macroeconomics half of *Economics* (15th Canadian Edition) by C. Ragan, published by Pearson Education Canada. You can also purchase the macro half separately, *Macroeconomics* (same author, same publisher). Both are available at *Paragraphe* bookstore on McGill College Avenue.

You may find the associated **Study Guide** (by Dickinson & Indart) useful; working through this study guide will considerably help your understanding of the material.

You may also find it useful to practice with some multiple choice exercises using the textbook's own web site on **MyEconLab**, at www.myeconlab.com. When using **MyEconLab** you will be asked for the course name (ECON 209 Section 3 (Winter 2017)) and Course ID (el-attar95066).

There will also be some readings supplementary to the textbook. I will also assign several of the Additional Topics that have been written to accompany this textbook. These will be made available electronically (on the course's **mycourses** page) at the appropriate time.

In addition, continuous class attendance is strongly encouraged. Any points raised in class can end up in the examinations.

Conferences and Office Hours: TAs will hold weekly conferences to review the material covered during class, I strongly advise you to attend. There will be two TAs assigned to this course (section 3), each holding four weekly tutorial sessions of one hour each. The plan is that there will be enough scheduled tutorials so that every student can find one that fits his or her schedule. You do not need to register for these conferences. The purpose of the tutorials is to go over practical exercises and discussion questions. The TAs will also be prepared to address other material from class or from the textbook.

Conferences are expected to start in the 3rd week of the semester (16th of January). Conference rooms and conference times will be posted on MyCourses.

Each TA will also hold two hours of office hours every week.

Answering questions by email: For any questions about the course, email econ209.S3.2017@gmail.com. The TAs and I will be answering questions sent to this email address.

Grading: There will be two (optional) mid-term exams in this course, plus one (mandatory) final exam in April. The mid-term exams are optional, but once written they will contribute to your final grade. Each midterm will be worth 20% of your course grade, and a 3-hour final scheduled by the Faculty of Arts in April will be worth 60% of your course grade. If you do not take a midterm, its weight will be added to that of the final exam. Regardless of the reason for not completing the midterm there will be no deferred midterm.

Under no circumstances will you be allowed to present additional work to increase your grade in the course.

Anticipated dates & times for the midterms:

- Midterm #1: Thursday February 23, in class.
- Midterm #2: Tuesday April 4, in class.

Note: Each midterm exam will focus on material since the previous exam. But since the material by its nature builds on earlier material, I will assume that you have knowledge of earlier chapters. The final exam will cover the entire course.

In case of absence at the final exam for medical reasons, please refer to the University Regulations Concerning Final Examinations. Note: According to Senate regulations, instructors are not permitted to make special arrangements for final exams. Please consult the Calendar, section 4.7.2.1, General University Information and Regulations at www.mcgill.ca. Also note: In accord with McGill University's Charter of Students' Rights, students in this course have the right to submit in English or in French any written work that is to be graded. Finally: In the event of extraordinary circumstances beyond the University's control, the content and/or evaluation scheme in this course is subject to change.

MyCourses: You should regularly check the **myCourses** page for announcements, up-to-date information, additional readings, conference topics, and other items to assist you in the course. Through this web page you will also be able to ask questions of and receive answers from your fellow students in the course.

Academic Integrity: Cheating is bad, everywhere and always. It is your responsibility to understand what is meant by "cheating" at McGill, and thus what behaviour is unacceptable. I am required to have the following statement on the course outline, in both official languages:

McGill University values academic integrity. Therefore all students must understand the meaning and consequences of cheating, plagiarism and other academic offences under the code of student conduct and disciplinary procedures (see <http://www.mcgill.ca/students/srr/honest/> for more information).

L'université McGill attache une haute importance à l'honnêteté académique. Il incombe par conséquent à tous les étudiants de comprendre ce que l'on entend par tricherie, plagiat et autres

infractions académiques, ainsi que les conséquences que peuvent avoir de telles actions, selon le Code de conduite de l'étudiant et des procédures disciplinaires (pour de plus amples renseignements, veuillez consulter le site <http://www.mcgill.ca/students/srr/honest/>).

Course Outline

Due to time constraints, it is possible that some topics will not be covered or some topics added. I maintain discretion regarding changes in this outline. Any changes will be announced in class and/or on MyCourses.

1. Introduction to Macroeconomic Issues.
 - Economic issues and concepts (chapter 1, chapter 2 and chapter 3).
 - What macroeconomics is about (chapter 19).
 - The measurement of national income (chapter 20).
2. The Economy in the Short Run.
 - The simplest short-run macro model (chapter 21).
 - Adding government and trade to the simple macro model (chapter 22 and Appendix).
 - Output and prices in the short-run (chapter 23).
3. The Economy in the Long Run.
 - From the short-run to the long-run: the adjustment of factor prices (chapter 24).
 - The difference between short-run and long-run macroeconomics (chapter 25).
 - Long-run economic growth (chapter 26).
4. Money, Banking and Monetary Policy.
 - Money and Banking (chapter 27).
 - Money, interest rates and economic activity (chapter 28).
 - Monetary Policy in Canada (chapter 29).
5. Macroeconomic problems and policies.
 - Inflation and disinflation (chapter 30).
 - Unemployment fluctuations and the NAIRU (chapter 31).
 - Government debt and deficits (chapter 32).
6. Trade policy (chapter 34).