

Program of Macroeconomics I, 2017-2018

Coordinator: Felix Wellschmied

Office: 15.2.33, Campus de Getafe

Email: fwellsch@eco.uc3m.es

Program

There are 14 weeks of classes with up to two sessions of 1.5 hours each week.

Book (required): Macroeconomics, 8th edition, by N. Gregory Mankiw. (You may substitute for a different edition of Mankiw's Macroeconomics book, but some chapters are reordered so please consult me.)

1. **Classical theory (long-run)**
 - a. National Income (Mankiw, chapter 3) *2 weeks*
 - b. Financial system, money and inflation (Mankiw, chapters 4, 5) *2 weeks*
 - c. Unemployment (Mankiw, chapter 7). *1 week*
2. **Economic growth** (Mankiw, chapters 8 y 9.1) *2 y ½ weeks*
3. **Business cycles**
 - a. The ISLM-model in a closed economy (Mankiw, chapters 10, 11 and 12). *2 weeks*
 - b. Unemployment (Mankiw, chapter 7). *1 week*
 - c. Open-economy model (Mankiw, chapters 6 and 13). *3 weeks*
4. **Policy debates** (Mankiw, chapter 18). *1 week*

Evaluation

The final grade will be suspended if the grade obtained in the final exam is below 3.5. The final grade will be the average of a final exam (60%) and one midterm (40%).

SUBJECT: MACROECONOMICS		
LECTURER:	COURSE: 1	FALL SEMESTER 2017
CLASS TEACHER:		

TIMELINE							
WEEK	CLASS AND DAY	DESCRIPTION OF THE CONTENT OF THE CLASS	GROUP		TASKS OF THE STUDENTS		
			LARGE	SMALL	DESCRIPTION	CLASS HOURS	STUDY HOURS
1	1	The economy in the long run: the real economy 1. Long-run determinants of production; factors of production 2. Factor pricing and marginal productivity 3. Factor shares of income. Chapter 3 of Mankiw	X		Readings and/or Assignments	1.5	4
2	2	Homework 1		X	Readings and/or Assignments	1.5	7
2	3	The economy in the long run: the real economy 1. Determinants of aggregate demand 2. Equilibrium in the goods market, in the long run. 3. The market for loanable funds. 4. The relevant interest rate Chapter 3 of Mankiw	X		Readings and/or Assignments	1,5	
3	4	Homework 2		X	Readings and/or Assignments	1,5	7
3	5	The monetary system 1. The banking sector 2. The monetary multiplier Chapter 4 of Mankiw	X		Readings and/or Assignments	1,5	

4	6	Homework 3		X		Readings and/or Assignments	1,5	7
4	7	The economy in the long run: money 1. The Quantity Theory of Money 2. The demand for money in the long run. 3. Real and Nominal interest rates: Fisher equation. Chapter 5 of Mankiw	X			Readings and/or Assignments	1,5	
5	8	Homework 4		X		Readings and/or Assignments	1,5	7
5	9	Unemployment Chapter 7 of Mankiw	x			Readings and/or Assignments	1,5	
6	10	Homework 5		X		Readings and/or assignments	1,5	7
7	11	Review of the “classical” economy		X		Readings and/or assignments	1.5	7
7	12	The economy in the long run: the sources of economic growth 1. The basic Solow model; capital accumulation 2. Productivity Chapter 8 of Mankiw	X			Readings and/or assignments	1,5	
8	13	Homework 6		X		Readings and/or assignments	1,5	7
8	14	The economy in the long run: the sources of economic growth 1. Golden rule 2. Saving and fiscal policy 3. International comparisons Chapter 8 and 9.1 and 9.3 of Mankiw	X			Readings and/or assignments	1,5	

9	15	Homework 7		X		Readings and/or assignments	1,5	
9	16	Business Cycles in a closed economy: 1. Cyclical component of GDP, Okun's law 2. Demand and Supply of Goods 3. Demand and Supply of Money. 4. The IS curve; the LM curve Chapter 10.1, and 11 of Mankiw	X			Readings and/or assignments	1.5	7
10	17	Homework 8		X		Readings and/or assignments	1,5	
10	17	Business Cycles in a closed economy. 1. Fiscal policy in the short run 2. Monetary policy in the short run 3. From the short to the long run Chapter 12 of Mankiw	X			Readings and/or assignments	1,5	7
11	18	Homework 9		X		Readings and/or assignments	1,5	
11	19	The open economy in the long run 1. The small open economy model 2. Determinants of net exports 3. Exchange rates and purchasing power parity Chapter 6 of Mankiw	X			Readings and/or assignments	1,5	7
12	20	Homework 10		X		Readings and/or assignments	1,5	
12	21	The open economy in the short run: Effects of fiscal and monetary policy depending on exchange rate regime. Chapter 13 of Mankiw	X			Readings and/or assignments	1,5	7
13	22	Homework 11		X		Readings and/or assignments	1,5	

13	23	Stabilization policy Chapter 15 of Mankiw	X			Readings and/or assignments	1,5	7
14	24	Preparation for the final exam		X		Readings and/or assignments	1,5	7
15	25	Preparation for the final exam		X		Readings and/or assignments	1,5	7
15	26	Midterm	X			Readings and/or assignments	1,5	
16-18		Exam preparation and Exam					3	3
Total							45	105

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