

Program of Macroeconomics I, 2021-2022

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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.)

1. **Classical theory (long-run)**
 - a. National Income (Mankiw, chapter 3) *2 weeks*
 - b. Money and inflation (Mankiw, chapter 5) *1 week*
 - c. Unemployment (Mankiw, chapter 7). *1 week*
2. **Economic growth** (Mankiw, chapters 8 y 9) *2 y ½ weeks*
3. **Business cycles**
 - a. The ISLM-model in a closed economy (Mankiw, chapters 10, 11 and 12). *2 weeks*
 - b. Aggregate supply (Mankiw, chapter 14) *1 week*
4. **Open Economy**
 - a. Long run (Mankiw, chapter 6)
 - b. Short-run (Mankiw, chapter 13)
5. **Stabilization policy** (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%), one midterm (30%) and quizzes (10%).

Scheduling Note: The midterm exam will take place at 6pm on **Friday November 13** and will be held online. The timing of the material covered in lectures is approximate.

SUBJECT: MACROECONOMICS		
LECTURER: Amdrés Erosa Etchebehere CLASS TEACHER:	COURSE: 1	SEMESTER: 1

TIMELINE							
WEEK	CLASS AND DAY	DESCRIPTION OF THE CONTENT OF THE CLASS	GROUP		TASKS OF THE STUDENTS		
			L A R G E	S M A L L	DESCRIPTION	CLASS HOURS	STUDY HOURS
1	1 2	Overview of the Course 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	X	Readings and/or Assignments	1.5	7
2	3	Homework 1		X	Readings and/or Assignments	1.5	7
2	4	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	5	Homework 2		X	Readings and/or Assignments	1,5	7
3	6	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	X		Readings and/or Assignments	1,5	

		equation.					
		Chapter 5 of Mankiw					
4	7	Homework 3		X		Readings and/or Assignments	1,5
4	8	Unemployment Chapter 7 of Mankiw	X			Readings and/or Assignments	1,5
5	9	Homework 4		X		Readings and/or Assignments	1,5
5	10	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
6	11	Homework 5		X		Readings and/or assignments	1,5
6	12	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 of Mankiw	X			Readings and/or assignments	1,5
7	13	Homework 6		X		Readings and/or assignments	1,5
7	14	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

8	15	Homework 7		X		Readings and/or assignments	1,5	7
8	16	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	
9	17 18	MIDTERM EXAM Review of the Classical Economy	X	X		Readings and/or assignments	1.5	7
10	19	Revision Midterm		X		Readings and/or assignments	1,5	7
10	20	Aggregate supply in the short-run. 1. Sticky prices 2. Philips curve 3. Expectations Chapter 14 of Mankiw	X			Readings and/or assignments	1,5	
11	21	Homework 8		X		Readings and/or assignments	1,5	7
11	22	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	

