

Undergraduate Macroeconomics II

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Office Hours: TBD

This is designed as a 6 week course. 5 ECTS.

Description:

The aim of this course is to introduce the basic framework macroeconomists use to think about macroeconomic phenomena.

We will address topics on economic growth, determinants of long and short run GDP growth, unemployment, business cycle fluctuations, and government macroeconomic policy.

For this course you wont need specialized software, only Microsoft excel. At the end of the course you will be asked to read and discuss a paper. The list of papers will be agreed upon at the beginning of the course

Course Material:

- Lectures will be based on the instructor's lecture notes
- Complementary readings
- Textbook References:
 1. (BA) Barro, Robert. *Intermediate Macroeconomics*. 1st ed. Cengage Learning,

Grading:

30% Problem sets (3 Problem sets)
70% Final Exam

TA sessions:

Problem Set Solutions, Paper Discussions

Overview

1. Introduction

- 1.1. Kaldor Growth Facts.

2. Solow Growth Model

- 2.1. Steady State, comparative statics.
- 2.2. Adding exogenous technological change.
- 2.3. Balanced growth path and golden rule.
- 2.4. Decentralized market allocations.
- 2.5. Growth accounting.

Readings:

- BA, Chapter 3,4
- R. M. Solow (1970) "Growth Theory: An Exposition" Chapter 2

3. Consumption, Savings and Labor Supply

- 3.1. Two period consumption savings modeling.
- 3.2. Multi period consumption savings model.
- 3.3. Introducing leisure.

Readings:

- BA, Chapter 7

4. Neoclassical Growth Model (Ramsey)

- 4.1. Steady State, comparative statics.
- 4.2. Balanced growth path and golden rule.

Readings:

- Lecture notes

5. Fiscal and Monetary Policy

5.1. Fiscal Policy

- 1.1. Taxation.
- 1.2. Ricardian equivalence.
- 1.3. Public debt and fiscal multipliers
- 1.4. Redistribution as insurance.

5.2. Monetary Policy

- 2.1. Taylor rule.
- 2.2. Exchange rates and the terms of trade.
- 2.3. Monetary policy in a small open economy.

Readings:

- BA, Chapter 13,14
- O. Blanchard and N. Kyiotaki (1987), "Monopolistic competition and the effects of aggregate demand".

6. Macroeconomic Fluctuations

- 6.1. Unemployment.
- 6.2. Fluctuations in the Neoclassical framework.
- 6.3. Fluctuations in the New Keynesian framework.

Readings:

- BA, Chapter 15,16

Class Schedule

Day	Topic	Assignments
1	Introduction to macro modeling	
2	Solow Model	
3	Consumption, savings and labor supply	
4	Ramsey Model and endogenous growth	HW1 Due
5	Fiscal Policy: Taxation	
6	Fiscal Policy: Redistribution	
7	Monetary Policy: Taylor Rule	
8	Monetary Policy: Stabilization Policies	HW2 Due
9	Economic Fluctuations: Neo Classical framework	
10	Economic Fluctuations: New Keynesian approach	
11	Paper Discussions	
12	Paper Discussions	HW3 Due
13	FINAL	