Overview

This course provides an intermediate treatment of macroeconomics for undergraduate students. The objective of the course is to give the students the necessary tools to understand critically the evolution of the economy, particularly in the post-war period, and to evaluate the debates about current macroeconomic problems and policy options.

Required Background

Algebra and some calculus will be used. Although a brief review of the necessary tools will be provided, it is important that students in this section are willing to deal with a few technicalities.

Exercises, Exams and Grading

Students are expected to work through a set of exercises. A mid-term exam will count for 40% of the total grade, while a final exam will count for 50%. Exercises are an integral part of the course and are compulsory. The performance in the exercises will count for 10% of the final grade. Most importantly, working through the book carefully and repeatedly and solving the assigned problems are the two key complementary strategies in learning the material. In addition to the textbook (see below) students will be expected to master a set of notes I will distribute on selected topics (such as on price indices, efficiency wage models, monopsony models of the labor market, the money multiplier, leveraging, the liquidity trap, models of aggregate supply, intertemporal consumption choices, Ricardian Equivalence, etc.) and additional material on the Great Recession I will provide at a later stage.

Textbook

The main textbook is:

N.G.Mankiw, **Macroeconomics**, Worth Publishers, eight edition, 20013.

(M from now on)
Outline

1) Introduction: Basic Framework and Measurement
   M., Ch.1,2. (2 on the data and framework for measurement is the most important)

2) The Classical Model: Equilibrium with Flexible Prices
   M., Ch. 3.

2) Money, Banks and Inflation
   M., Ch. 4,5.

3) The Open Economy
   M., Ch. 6.

4) An Introduction to Unemployment
   M., Ch. 7.

5) Economic Growth (The Solow-Swan Model)
   M., Ch. 8, 9.

6) The Basic Keynesian IS-LM Model with Fixed Prices and Aggregate Demand
   M., Chs, 10, 11, 12

7) The Open Economy (again) with Fixed Prices
   M., Ch. 13

8) Aggregate Supply and Demand, Inflation and Unemployment
   M., Ch.14
9) A Dynamic Model of Aggregate Demand
   M., Ch. 15

10) Consumption and Government Debt
    M., Ch. 16.2 and 19

11) The Financial System and Financial Crises
    M., Ch. 20