

**Macroeconomics, MSB 316 & ECN 202**  
**Fall 2017**  
**(1<sup>st</sup> revision, 4th of September)**

□ Instructor: Sang-Ho Nam (Office: TBA, e-mail: johnnam@kaist.ac.kr)

□ Class Hour: Wed. 19:00-22:00, Classroom: Chang-ui, E11-210

□ Office Hour: Wed. 22:00- TA: J.B. Cho, and J.H. Lim

□ Main Textbook: N. Gregory Mankiw, Principles of Macroeconomics, 7<sup>th</sup> ed.  
 (Ch01, Ch11, Ch12: IS-LM, Mankiw, Macroeconomics 8<sup>th</sup> ed.)

References: Paul Krugman, "Peddling Prosperity". (경제학의 향연: 부키).

Paul Krugman, "The Age of Diminished Expectations". (기대감소의 시대; 황금사자)

Horridge, M., *MINIMAL: A Simplified General Equilibrium Model*.

Minimal software is downloadable from <http://www.copsmodels.com/minimal.htm>

□ Grading: Midterm Exam (35%), Final Exam (45%), Homeworks (10%), Class attendance (10%).

□ Objective:

This course will provide an overview of macroeconomics issues: the determination of output, employment, interest rates and inflation. Monetary and fiscal policies are discussed, as are public debt and international economic issues. It introduces basic models of macroeconomics and illustrates principles with the experience of the Korea (U.S.) and other economies

**Course Schedule**

Week	Contents	Remark
<b>Part 0. Science of Macroeconomics</b>		
1	Ch. 01 Science of Macroeconomics:	
No class on 3 <sup>rd</sup> – 9 <sup>th</sup> October: Choosuk Holidays (추석 & 대체휴일)		
<b>Part I. Data of Macroeconomics</b>		
1/3	Ch. 10 Measuring a nation's income: $GDP = C + I + G + NX$ Ch. 11 Measuring the cost of living:	
<b>Part II. Real Economy in the Long-run</b>		
3/4	Ch. 12 Production and the growth: $Y/L = AF(K/L, H/L, N/L, 1)$ Ch. 13 Saving, investment, and the financial system: $S = S^p(Y - C - T) + S^g(T - G)$	
5	Ch. 14 The basic tools of finance: Efficient Market Hypothesis	
6	Ch. 15 Unemployment and its natural rate: -. Cyclical unemployment vs natural rate of unemployment	

	- Frictional unemployment vs structural unemployment	
<b>Part III. Money and Price in the Long-run</b>		
7	Ch. 16 The monetary system: $M^s = D/(1-R)$ Ch. 17 Money growth and inflation: $MV = PY$	
8	<i>Mid-term Exam (The 17<sup>th</sup>/24<sup>th</sup> of October)</i>	
<b>Part IV. Open-Macroeconomics</b>		
9	Ch. 18 Open-economy macroeconomics: Basic concepts $NX = NCO$	
10	Ch. 19 A macroeconomic theory of the open economy: $S = I + NX$	
<b>Part V. Short-run Economic Fluctuations</b>		
11	Ch. 19A. IS-LM model 1: 1. Keynesian cross and IS curve, 2. Liquidity preference and LM curve	
12	Ch. 19B. IS-LM model 2.	
13	Ch. 20 Aggregate demand and aggregate supply (P and Y)	
14	Ch. 21 The influence of monetary and fiscal policy on aggregate demand	
15	Ch. 22 The short-run tradeoff between inflation and unemployment	
16*	<i>Final Exam (The 13<sup>th</sup> of December, tentative)</i>	

\*Schedule is subject to change.