

Intermediate Macroeconomics

Summer 2024

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1 GENERAL INFORMATION

- The lectures are Mondays & Wednesdays 10:20 - 11:55 am in Hamilton Hall, room 703.
- My office hours are Wednesday 2pm-3pm at Lehman Library Group Study 207. You can also schedule an appointment by e-mail.
- My e-mail is: rcp2157@columbia.edu
- The TA for this class is: Elif Sen (es4189@columbia.edu)

2 COURSE DESCRIPTION

This is an intermediate macroeconomic theory course. It covers the determinants of national income, how the economy behaves both in the long run and in the short run, the monetary system, unemployment, and growth theory.

3 EXAMINATION

There will be a midterm (ME) on **June 24th** and final exam (FE) **in the week of August 9th**. There will be problem sets n (PS) that will be posted on Courseworks. The problem sets will help you understand the material covered in class and are an excellent way to prepare for the exam. The PS score will be the average of the $n - 2$ highest problem sets grades. The final grade on the course is given by:

$$10\% \text{Class Participation} + 40\% \text{PS} + 25\% \text{ME} + 25\% \text{FE}.$$

4 READING MATERIAL

- The course textbook is: **MACROECONOMICS** by N. Gregory Mankiw, 11th edition.
- In case you are really interested, a more advanced treatment of the material covered in this class can be found at *A Course in Modern Macroeconomics* by Pablo Kurlat ¹.

5 ASSIGNMENTS

- Problem sets will be posted on Coursework and you must submit your solutions by the time they are due through **Gradescope**. The Gradescope link of the course is <https://www.gradescope.com/courses/784714>
- You can work in groups of a maximum of 3 students. Only **one** student needs to submit the solutions. However, **this student needs to add all the group members to the submission** (See [here](#) on how to add group members to a submission on Gradescope).

¹You should read this only if you are **really** interested in the topics covered in the class! This is not a mandatory reading.

6 COURSE OUTLINE

- Part I: **Introduction** - Mankiw, Chapters 1 and 2.
 - Definition of GDP and GNP.
 - Real vs Nominal GDP.
 - GDP Deflator and CPI.
 - GDP and Welfare: Why should we care about GDP?
- Part II: **The Economy in the Long Run** - Mankiw, Chapters 3,4,5 and 7.
 - Production
 - * Cobb Douglas production function.
 - * Factor Prices.
 - * The firm's demand for factors.
 - Closed economy model:
 - * Equilibrium in the market for goods and services.
 - * Equilibrium in the financial market.
 - The monetary system:
 - * Definition of money, monetary base and money supply.
 - * The Quantity Theory of Money.
 - * Inflation and its costs.
 - * Fisher Equation.
 - Unemployment:
 - * Job loss, Job finding and the natural rate of unemployment.
 - * Frictional vs Structural Unemployment.
- Part III: **Growth Theory** - Mankiw, Chapters 11,12,13 and 15.

- Capital Accumulation
- Solow model:
 - * Steady state.
 - * Golden rule level of capital.
 - * Transitions to the steady state.
- Solow model with population growth.
- Solow model with technological progress.
- **Part IV: The Economy in the Short Run** - Mankiw, Chapters 9, 10, 11 and 13.
 - The goods market and the IS curve.
 - The money market and the LM curve.
 - IS-LM: A theory of aggregate demand.
 - Aggregate Supply.
 - Inflation and Unemployment: The Phillips Curve.
 - The role of expectations.
 - Okun's Law and the Sacrifice Ratio.
- **FINAL EXAM:** August 9th (Friday)