School: Tiomkin School of Economics B.A

Macroeconomics I

Lecturer:

Dr. Yaniv Yedid-Levi   yaniv.yedid-levi@post.runi.ac.il

Tutors:

Dr. Yaniv Yedid-Levi   yaniv.yedid-levi@post.runi.ac.il

Teaching Assistant:

Dr. Yaniv Yedid-Levi   yaniv.yedid-levi@post.runi.ac.il

Mr. Diego Hilman   diego.hilman@post.runi.ac.il

Course No.:	Course Type :	Weekly Hours :	Credit:
3057	Lecture	4	4

Course Requirements :	Group Code :	Language:
Final Exam	241305704	English

Prerequisites

Prerequisite:

9007 - Mathematics I for Economics
9008 - Mathematics II for Economics
9009 - Statistics I for Economics
9010 - Statistics II for Economics
9017 - Principles of Macro Economics **OR** 9684 - Principles of Macro Economics

9115 – Principles of Micro Economics **OR** 9682 – Principles of Micro Economics

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◎ Course Description

This course is about the basic components of a macroeconomic model. We will discuss issues related to consumption, investment, the labor market, and production, and use these models to present and discuss some of the basic question in macro. The first few weeks will be dedicated to learning the basic modeling tools. We will then apply these tools to issues of economic growth, fluctuations, and fiscal policy.

The approach in this course is to build the foundations from microeconomic principles. As such, our "building blocks" rely on firms and household optimization, government spending and taxation, and the interaction between them. We will analyze the labor market and the market for goods separately, and then look at a general equilibrium. Towards the end of the term, and if time permits, we will discuss productivity – a key determinant of long term growth.

As we progress, we will take various "detours" and consider extensions of these basic building blocks in order to present and discuss some modern research in macro. Where possible, we will try to connect the subjects to recent and current events.

This course requires analytical thinking and calculus. Therefore, we will occasionally refresh your knowledge of derivatives, optimization, log rules, etc.

☰ Course Goals

There are a few goals for this course. First is to introduce important (and sometimes still open) issues in macroeconomics. A second goal involves learning the basic principles of theories that are heavily used in macroeconomic research. This leads to a third goal, which is to study how economic models work -- from assumptions (in words) to models (in equations) to conclusions and sometimes policy. Finally, besides theory, we will dedicate some effort to look at relevant data and suggest difference ways to interpret the data. When possible, problem sets will include questions that require searching and presenting data.

A+ Grading

Final Exam – 100%

Details regarding the exam (date, format, structure) will be annoucned later, once the univerisy guidlines are officially annouced.

In the past, a typical exam included:

6 short questions, 6 points each. Two long questions, 32 points each

We will try to keep this structure but it may change or depend on circumstances and university wide guidlines due to the war. In the event that the exam takes place in class, a formula sheet will be provided with the exam and no other material and/or self prepared formula sheet is allowed. In the event that the exam is a take home exam, it will naturally be an open book exam.

Problem Sets — a bonus of up to 5 points.

You will receive 5 or 6 problem sets throughout the term, and will get 1 bonus point for each submission (up to a maximum of 5 points).

Problem sets will be assigned based on subjects (I assume there will be five or six in total, but that will depend on our progress). Given that we are teaching in a condenced version this means that some weeks may have a high workload.
Problem sets may be long; the typical structure will be: (i) 2-4 questions that you have to submit, including at least one data assignment; (ii) 1-2 questions that you don't have to submit, and will be discussed in detail in TA session after submission; (iii) (sometimes) extra questions/examples with full solutions for practice.

Problem sets will be due the day before a TA session, and typically the following TA session will be dedicated to going over the problem set questions and/or close examples. A full and detailed solution will be posted on Moodle.

You are strongly encouraged to work in groups on problem sets, but each of you has to submit an individual problem set.

A note regarding problem sets: some questions are repetative from previous years. However, note that we do change questions from one year to the next. Copying direclty from previous solutions will lead to zero bonus points for the entire semester. To be clear: if you get caught once, you receive no bonus points at all, regardless of how many problem sets you have submitted.

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📖 Lecturer Office Hours

TBA once the final teaching schedule is set.

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🕐 Teaching Assistant

The TA will be in charge of grading your problem sets and keeping track of submissions. Please contact the TA with any administrative questions regarding the problem sets.

For questions regarding the course material (and all other questions) please contact the lecturer (Yaniv)

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💬 Reading List

There is no official or required textbook for this course. Therefore the information below is for those of you who seek further reference.

An important note about the book: the book should be used as reference, not as the main source of studying. Some parts of the material will be close to the description in the book. Note that in class we will introduce and discuss issues that are not explicitly covered in the book. We may also use different notation. Moreover, at certain points we'll spend some time discussing extensions of baseline theories and introduce more recent research. **Therefore, the priority should be attending class, understanding the (fairly detailed) lecture slides, and putting a serious effort in doing the problem sets.**

In addition, papers and other readings may be assigned occasionally.

Garin, Julio, Lester, Robers, and Sims, Eric, "Intermediate Macroeconomics" (GLS, hereafter).

This is a free online book that includes a wide range of topics that can be covered in a course on macroeconomics. You can download a PDF version of the book using this link

https://juliogarin.com/files/textbook/GLS_Intermediate_Macro.pdf

1. Introduction and review of macro data (ch. 1–3)

2. Consumption and Saving (ch. 9–10)

3. Production and the demand for factors (ch. 12.1)

4. Investment (ch. 12.1)

5. Equilibrium in the goods market (ch. 12.4)

6. Labor supply and the neoclassical labor market equilibrium model (ch. 12.2)

7. Extensions: unemployment and current labor market issues (ch. 17.1–17.4 + Lecture notes)

8. Fiscal policy (ch. 9.4.3, 13)

9. General Equilibrium (ch. 18)

10. Productivity (if time permits) (ch. 7.3 + lecture notes)

11. The effects of shocks and policy in the neoclassical model (if time permits) (ch. 19,20,22)

There are other textbooks in macroeconomics that can be used as reference. I list the books here without detailed chapters.

Two other books provide a slightly less technical and more graphical and intuitive explanation of the material. Both books are very well written and very clear. By now they have multiple editions, and some copies should be available in the library (there is no particular need to look for the latest edition):

"Macroeconomics" by Abel, Bernanke, and Croushore And "Macroeconomics" by Charles Jones