Macroeconomics (2)

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* Course Description

Macroeconomics is the study of the economy's overall performance and the government's role in altering that performance. We will follow a modern approach by building macroeconomics models from microeconomics principles. This means that we will analyze environments in which economic agents optimize and in which all market-clearing conditions are achieved.

By taking this course, students will gain a comprehensive understanding of microeconomic principles, macroeconomic principles, theories, and models. They will learn about different time horizons and market assumptions in macroeconomics, as well as the effect of macroeconomic policies on business cycles and international trade. Additionally, students will become familiar with various macroeconomic models, including one-period and two-period models, overlapping generation models, and small open economy models. Overall, this course will equip students with the knowledge and analytical skills necessary to understand and analyze macroeconomic issues in today's complex global economy.

* Course Requirements

You need to take two exams, each account for 40 %; and homework account for 20 %

The exam dates: 4/18 and 6/6

* Textbooks

Stephen D. Williamson, Macroeconomics

Lecture notes by Garin, Lester, and Sims

(https://www3.nd.edu/~esims1/gls\_textbook.html)

* Tentative course plan

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| date | Topics | Required Reading |
| 2/21 | Course introduction  1. a big picture of macroeconomics  2. review: consumption-leisure decision  3. review: firm profit maximization | Williamson chapter 4 |
| 2/28 | No class |  |
| 3/07 | 1. competitive equilibrium and pareto optimality  2. working with the model | Williamson chapter 5  (one-period macroeconomics model) |
| 3/14 | 1. consumption-savings decision in a two-period model  2. the effect of a change in the real interest rate on consumption: the income effect and the intertemporal substitution effect  3. how should consumption respond to transitory income change and permanent income change  4. empirical evidence | Williamson chapter 9  (two-period model in an endowment economy) |
| 3/21 | 1. the Ricardian equivalence theorem  2. what causes the credit market imperfection? 3. consumption-saving decisions when the credit market is imperfect  4. why the Ricardian Equivalence Result no longer holds | Williamson chapter 10  (overlapping generational models in an endowment economy) |
| 3/28 | 1. The overlapping generation models  2. The role of social security | Williamson chapter 10  (overlapping generational models in an endowment economy) |
| 4/04 | No class |  |
| 4/11 | TA review:  Discuss homework questions | HW1 due date |
| 4/18 | Midterm |  |
| 4/25 | 1. Business cycle facts  2. the representative consumer's problem in a real intertemporal model  3. the firm's problem in a real intertemporal model | Williamson chapter 11  (two-period model in a production economy) |
| 5/02 | 1. deriving labor demand curve and labor supply curve  2. deriving the output supply and output demand curve  3. competitive equilibrium and pareto optimality | Williamson chapter 11  (two-period model in a production economy) |
| 5/09 | 1. working with the real intertemporal model 2. theory confronts the data | Williamson chapter 11  (two-period model in a production economy) |
| 5/16 | 1. money demand  2. the neutrality of money  3. the IS-LM framework | Williamson chapter 12 and 14 |
| 5/23 | Small open economy  1. a real intertemporal model in a small open economy  2. a monetary intertemporal model in a small open economy with flexible prices, under two exchange rate regimes. | Williamson chapter 16 |
| 5/30 | TA review:  Discuss homework questions | HW2 due date |
| 6/6 | Final Exam |  |